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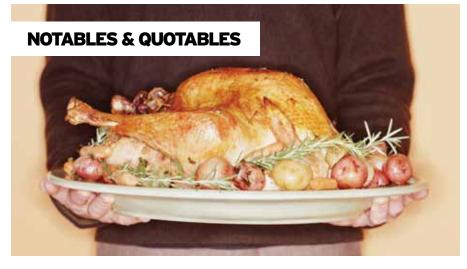
CENTER

Grant Announced! IT DOUBLES YOUR YEAR-END GIFT! Page 14

The Magazine of the Mackinac Center for Public Policy NOVEMBER/DECEMBER 2013







The Fruits of Another Year's Labor

This year, the Mackinac Center for Public Policy's battles against the politico-labor camp's entrenched disregard for taxpayer interests seeps into all policy departments: Labor, Fiscal and Education. And with the year winding to a close, it's time to exhale, take stock and look at this year's "labors."

First, the Atlas Foundation has nominated the Mackinac Center for the Templeton Freedom Award, credited to our decades-long battle for right-to-work. Our surprise and gratitude was unparalleled – and our applause goes to the other finalists, who are accomplishing great feats in Mexico, India and Europe for ordinary individuals. Our Executive Vice President Michael Reitz goes into more detail in his letter to readers on Page 4.

An important facet of the battle for right-to-work was about allowing a worker the right to keep the money they earn, if they choose. This issue's Overton Window (Page 9) tracks the development (and devolution) of this right since even before the Mackinac Center arrived on the scene, starting in 1965 with Michigan's adoption of the Public Employees Relations Act. This gave public employees the right to bargain collectively with their employer. The impulse to punish workers for not joining the union cemented into law through the eighties, and the Mackinac Center came on the scene in 1988 (just in the nick of time) to help remedy this imbalance.

Now those in favor of forced unionism are required to be more creative than ever before – due to right-to-work's passage, the law is not their first recourse. Labor Policy Director Vincent F. Vernuccio elaborates on the creative use of worker centers to enlist non-union members into unions on Page 10. Those who were up-to-date on the corporate campaigns in the news this summer will surely recognize some of the tactics employed to boost union enrollment and force businesses' hands.

Of course, there's more than one side to every story, as the Mackinac Center's research points to time and again. In our "By the Numbers" feature at the back of the book (Page 15), we take a look at "government charity" to businesses and labor interests alike. The numbers may surprise you – and hopefully help provide transparency to keep government's blessings neutral to each constituent, every one.

Those of us at the Mackinac Center feel very grateful to have readers like you who feel the same. Please, don't hesitate to write in, Facebook, Tweet or Pin your questions, comments and concerns alike. We look forward to hearing from you, and have a very happy holiday season.

All best,

Lindsey, editor



Make sure you check out photos from our gala at flickr.com/MackinacCenter



Blog

Keep up to date on the latest policy stories from Mackinac Center analysts. mackinac.org/blog

MichiganVotes

Want to know what your legislator (and others) have been voting for? MichiganVotes.org helps keep Michigan politicians accountable to their constituents.

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Our flagship news source for the state of Michigan. Breaking news like never before.

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Our online databases provide easy access to important information.

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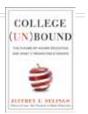


"[The Mackinac Center is] helping set the standard for how state think tanks can win victories for free enterprise today and invest in the liberty of future generations — and they do it with a smile and genial spirit that is far too often missing from our politics today."

Arthur Brooks,
 American Enterprise Institute

MIKE VAN BEEK **RECOMMENDS** "COLLEGE UNBOUND: THE FUTURE OF HIGHER EDUCATION"

There's a growing consensus that something about higher education is flat-out broken. Only about half of students get a degree within six years, which leaves them with loads of debt, wasted time and missed opportunities. Jeffrey Selingo addresses these issues in his latest book, "College Unbound: The Future of Higher Education and What it Means for Students." Selingo knows a thing or two about college: He's editor-at-large for the Chronicle of Higher Education. Although Selingo doesn't dream quite big enough for solutions, the book is worth a read, especially for someone interested in getting an overview of all that's wrong with higher education.





LETTER FROM THE EXECUTIVE VICE PRESIDENT



Shoulders of Giants

In 1945, Antony Fisher, a young World War II RAF pilot, read an abridged edition of F.A. Hayek's "The Road to Serfdom." Alarmed by what he read, Fisher sought out **MICHAEL** Hayek and announced his plan to go into politics.

What Hayek told Fisher changed the course of history. (Ironically, Hayek later confessed to having no recollection of the conversation.) Hayek urged Fisher to forgo a political career and to focus instead on ideas. Society's course, he said, will be changed by ideas - persuade the intellectuals with the right ideas and the politicians will follow.

Fisher heeded Hayek's advice and became, as John Blundell wrote, the Johnny Appleseed of the free-market movement. Fisher established numerous public policy institutions, including the Institute of Economic Affairs in London, the Fraser Institute in Canada and the Manhattan Institute in New York City.

One of Fisher's creations was the Atlas Network, which today serves a network of 400 free-market think tanks in more than 80 countries.

In order to nurture the liberty movement, the Atlas Network annually confers the Templeton Freedom Award for exceptional achievement among the global think tank community. The Mackinac Center for Public Policy is honored to be among six finalists for the 2013 Templeton Freedom Award, for our role in the adoption of Michigan's right-to-work law.

The achievements of our fellow finalists are astounding.

The Centre for Civil Society in India was founded by Parth Shah in 1997, who left a job at the University of Michigan to return to his native India. The institution is recognized as one of the finest think

for education reform in India by promoting choice and innovation. We're especially

The Centro de Investigación para el Desarrollo, A.C., in Mexico is being recognized for advancing policies to improve Mexico's prosperity and productivity. Its Mexico Productivity Index is credited with influencing the national discussion about Mexico's economic policies.

The Istituto Bruno Leoni, named after the Italian classical liberal thinker, is celebrating its ten year anniversary. The institute's Liberalization Index annually ranks Italy and other European countries by comparing sixteen sectors and evaluating the cost of excessive regulation, taxation and legal uncertainty.

If Great Britain has a Tea Party movement, the TaxPayers' Alliance in London is a ringleader. Launched in 2004, the TaxPayers' Alliance is "arguably the most influential pressure group in the country" according to The Guardian. The organization's 2020 Tax Commission and Single Income Tax report are credited with reductions in levies and driving conversation about fiscal reform.

Ayn Rand famously observed that when there aren't enough criminals, one makes them: "One declares so many things to be a crime that it becomes impossible for men to live without breaking laws." Our friends at the Texas Public Policy Foundation are reversing that trend through their Right on Crime project. The project promotes alternatives to incarceration for non-violent offenders and exposes the problem of over-criminalization in the U.S.

Bravo! ■



proud of CCS's work as Shah attended the Mackinac Center's Leadership Conference.



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Economic Growth and Right-To-Work Laws

Mackinac Center adjunct scholar Michael Hicks, Ph.D., and Morey Fiscal Policy Director Michael LaFaive published in August a unique contribution to the literature on right-to-work laws and associated economic growth. The study included data on personal income, total employment and population from 48 contiguous states plus the District of Columbia over a 64-year period.

This large swath of data is fairly unique to right-to-work studies, which largely examine shorter and more recent time frames. Hicks and LaFaive also divided their master data set into three subsets that ran from 1947 through 1970, 1971 through 1990 and 1991 through 2011.

What they found was that the presence of a right-to-work law lifted personal income by 0.8 percentage points and population by 0.5 percentage points from 1947-2011, on average. In other words, if a state would have had a 2.0 percentage point increase in income growth and adoption of a right-to-work law made that 2.8 percentage points, then the personal income growth rate was lifted by 40 percent as a result of the law.

The early years showed little impact from right-to-work laws, but significant improvements in economic growth were noted in the middle era. Modest but important improvements existed in the third period (1991-2011).

Berrien Springs

The goal of the Berrien Springs study was to tell the story of another innovative school district in Michigan. Berrien Springs is leading the way in various online learning opportunities and a diversified curricula offering to its students. It's pushing back against the notion that school districts need to maintain their local monopolies by opening their doors wide for Schools-of-Choice students (a quarter of its enrollment

is through SOC). Students who are not being served well by their local districts (in Battle Creek, for example), are now benefiting from these educational services. The district is changing its purpose from being the "educator of last resort" for district residents to "a district of choices" for as many students as possible.

"Waivers Are Temporary But Expansion is Forever"

Propopents of Medicaid expansion in Michigan argued this summer that reforms in the bill made the expansion's long-term fiscal risks worth taking. The reforms, however, depend on obtaining permission from federal agencies in the form of "waivers" from the standard Medicaid regulations and legal requirements.

In a study authored by legal scholar Robert Alt with Nathaniel Stewart, and jointly published by the Mackinac Center and Ohio's Buckeye Institute, this policy is explored. It reveals three ways in which the waiver process provides a shaky foundation for any genuine Medicaid reforms.

First, as the title asserts, Medicaid waivers are temporary. This makes today's reforms subject to the whims of future federal bureaucrats.

Secondly, waivers are subject to the discretion of current federal bureaucrats and the current administration. It is unlikely that genuine reform lies best with the original authors of the law. Moreover, while federal officials have broad discretion in some matters, in others the governing statutes limit what they may permit.

Thirdly, even if a state successfully navigates those potential obstacles, any agreements are subject to judicial review. The study cites examples of states that thought they had an understanding with the federal government regarding reforms only to have the rug pulled out later by the courts.



Whilst curled by the fire this holiday season (or hunched over your desk with back-issues of The Economist), indulge in the spirit of the season with these uplifting new online articles and features from fellow lieutenants of liberty.

"Tell Your Story, Sell Your Brand," Justin Owen, president & CEO of the Beacon Center of Tennessee.

"Think about the best books you have ever read, or the best speeches you have ever heard. What did they have in common? In all likelihood, they were presented to you by great storytellers. And what separates bad books from good or boring speeches from the enthralling also sets the best companies apart from the rest. The greatest of companies are also great storytellers. ..."

Excerpted from Under30CEO.com. Read more at http://goo.gl/iAl0K0

"The New Libertarianism," Jeffrey A. Tucker, distinguished fellow at the Foundation for Economic Education (FEE), CEO of the start-up Liberty.me, publisher at Laissez-Faire Books.

"I spent a fascinating weekend hanging out with a few hundred of the smartest, most forward-thinking college students I've met in years. It was a real inspiration to see how these young people are preparing to navigate an economic and social environment that is so radically different from anything their parents knew. Rather than defeatism and despair, I detected a strong dedication to creativity, entrepreneurship, and living a great life despite a system that seems dedicated to bringing them down."

Excerpted from The Freeman. Read more: http://goo.gl/4XVu6M

And don't miss the Cato Institute's new Web Project "Human Progress," at humanprogress.org. Did you know the state of humanity is improving? Let them show you the evidence across 18 categories of human well-being.

WESTLAND FOIA Encouraging Transparency

The Mackinac Center is continuing its long-standing commitment to promote more open and transparent

open and transparent government, recently filing a lawsuit in Midland County

Circuit Court against the city of Westland for its illegal fee structure under Michigan's Freedom of Information Act.

"Michigan's FOIA law clearly states that its purpose is to give people 'full and complete information regarding the affairs of government' so that they can 'fully participate in the democratic process," said Patrick Wright, director of the Mackinac Center Legal Foundation. "The city of Westland is intentionally trying to discourage people from exercising their rights under the law."

The Center became aware of Westland's FOIA policies this summer after Michigan Capitol Confidential filed a request seeking budget information about the city's municipal golf course. Westland charges a \$5 gatekeeping fee simply to start the FOIA process, plus a copying fee of \$1 per page. In addition, Westland demands \$45.61 an hour for the actual work of assembling the requested documents.

Michigan's FOIA law allows a public body to charge "a fee for a public record search, the necessary copying of a public record for inspection, or for providing a copy of a public record." It also says the fee "shall be limited to actual mailing costs, and to the actual incremental cost of duplication or publication including labor, the cost of search, examination, review and the deletion and separation of exempt from nonexempt information." It goes on to say that a public body may require a

"good faith deposit" at the time a FOIA request is made "if the fee authorized under this section exceeds \$50."

TED O'NEIL "Charging a \$5 fee

to simply start the

process is just a roadblock,"
Wright said. "If it can be \$5, then
why not \$1,000? And while they
charge \$1 per page for copies,
a UPS store literally across the
street from city hall charges
10 cents per copy. Why does the
government charge 10 times
as much as the private sector?
We're not asking for calligraphy
on gold-leaf parchment."

The \$45.61 per hour charge also is illegal. The statute says "a public body may not charge more than the hourly wage of the lowest paid public body employee capable of retrieving the information necessary to comply with a request under this act." Extrapolating \$45.61 an hour times 2,080 hours in a work year comes to \$94,868 annually.

"That's pretty hefty compensation for a person the city says is the lowest paid employee who can handle copying and collating," Wright added. "If that's true, the taxpayers of Westland might want to be asking the city council a few questions."

The lawsuit is the latest in a long history of the Mackinac Center advocating for more open and transparent government. The Center in July and August hosted a series of town hall meetings on the issue around the state, including panelists from the ACLU of Michigan, the Michigan Press Association, The Center for Michigan and the Michigan Coalition for Open Government.

Ted P. O'Neil is the Mackinac Center's media relations manager.



A Unique Service to Michigan Students: Debate Workshops

While the Mackinac Center is celebrating its 25th anniversary this year, we actually hosted our 26th annual round of high school debate workshops. The yearly event started in 1988, the same year we opened our doors, and is the longest running event we offer.

The workshops were created to give high school debate students an alternative view of the yearly topic, as well as tips on how to structure a winning argument and how to do effective, topical research. Each year the National Forensic League picks a topic that begins with the same phrase: "The federal government should ..." Naturally

it involves more spending. Our workshops provide students with a free-market perspective that looks at the issues from another angle. More than 11,000 students and debate coaches have

than 11,000 students and debate coaches have benefitted from the program in the last 26 years.

Speakers for this year's topic, which dealt with

increased government "economic engagement" toward Cuba, Mexico or Venezuela, were Greg Rehmke, Mike Winther and Arielle John. Rehmke

directs educational programs for Economic
Thinking/E Pluribus Films; Winther is a
debate coach and president of the Institute
for Principle Studies; and John is visiting
professor in the department of economics
at Beloit College. Rehmke and Winther are
also members of the Center's Board of Scholars.

The speakers explained how trade restrictions lead to less economic freedom for people in countries on both sides of said restrictions and how nations can work together economically even if they disagree with each other politically.

The workshops were held the first week of October in Livonia, Adrian, Saginaw and Grand Rapids, and included: Arbor Preparatory, Denby, Detroit Christian, Loyola Plymouth Christian, Southfield, Adrian, Blissfield, Stockwell Preparatory, Hudson, Lenawee Christian, Calvary Baptist, Grand Rapids Catholic Central, Crossroads Academy, Forest Hills Central, Kenowa Hills, Rockford and Zion Christian.

Students attending the workshops also have the opportunity to win one of four \$1,000 college scholarships by entering an essay contest in which they write an opinion-type piece on the year's topic. ■



MCPP: What's your background?

Harter: I'm from Wisconsin originally, but moved to Midland when I accepted a job at Dow Chemical as a chemical engineer. I did that for three years, then moved to economic evaluations with the company. I was in the tax department, too. Even though I started out in chemicals, I furthered my education by taking five college courses in economics while I was at Dow. We've been in Midland for 41 years

MCPP: What do you enjoy doing for recreation?

Harter: Playing tennis.

MCPP: You play tennis?

Harter: I think so! [Laughs.] I helped start the Midland Tennis Club before the Tennis Center was established. I was the treasurer for six years. We played at Northwood University and other parks around town before the tennis center was built. My aunt gave me a racket when I was 10 years old. I didn't play for teams in high school or college, I just played for fun. My wife enjoys playing, too.

MCPP: What do you like about the Mackinac Center?

Harter: I believe in the free-enterprise system. I found out about the Mackinac Center 20 years ago or so. I enjoy giving to the organization because I believe in what they're doing. I like to support worthy causes.

The Mackinac Center exposes a lot of what's going on. That alone should get the attention

of politicians. The Center reveals a lot of the sweetheart deals government makes with businesses and unions. I think about that dues skim. [The skimming of some \$34 million in union "dues" from Michigan home-based care givers has stopped. At the time of this printing, the Mackinac Center Legal Foundation continues to seek a refund of some of the illegal dues for its clients.] Once the truth was revealed, it made everyone involved look bad, and should have. What a terrible thing to take money from the most vulnerable people and funnel it into a union. Most of those people didn't even know they had been roped into a union. It's a shame how hard people had to work to end that.

I also appreciate the Mackinac Center's principle regarding competition being a good thing, like competitive determined prices. I like the invisible hand of the free market. I also like charter schools and giving families choice in what type of education is the best for their children. I think it's great how Jalen Rose has created a charter school to give kids in failing school districts a chance at a quality education.

The Mackinac Center is data-driven. Without the data, there's nothing to base sound policies on.

MCPP: Do you have any interesting stories from your work at Dow Chemical?

Harter: Yes. I remember during the 1974 strike, there were around 90 maintenance people in that department that walked off the job. That department had a backlog of

work, too, at the time. To keep work from stopping, about a dozen engineers replaced those who had walked off. They learned quickly to do maintenance work, and those engineers not only got all the work done, they began whittling away at the backlog of work. After five months, the strike ended.

MCPP: Why do you stay in Michigan?

Harter: I've lived in other parts of the country. I was in Miami for a few years, but couldn't wait to get back to Michigan.
I absolutely love the four seasons. It's no fun to be in shorts and a t-shirt in the fall. I don't mind taking a week vacation or so in the wintertime, but I like to be here at home most of the time.

MCPP: What policies bother you?

Harter: I don't like the idea of card check.
[Card check is a process where the secret ballot is taken away from workers. Union organizers can organize a worksite if a majority of workers sign cards.] That's not democracy. That decision is not made at the poll. It's no election at all. It opens itself up for workers to be intimidated into signing up for something they may not want to do.

MCPP: How would you like to leave your legacy?

Harter: I have three kids. I'd like for them to recognize to have responsibility for the rest of society. I'm very civic-minded. I belong to one of the Kiwanis clubs here in Midland and feel that giving to others is important. ■



TALES FROM THE ROAD: PART II

"You only get flak when you are over the target."
That old saying held true on a recent stop of
Mackinac's "You Can, Too" tour in the state
of Washington.

In early September, two of Mackinac's sister think tanks, the Cascade Policy Institute of Oregon and the Freedom Foundation of Washington, invited me to speak at several events in the Pacific Northwest. Policy folks, activists and citizens all came out to hear how right-to-work was accomplished in Michigan.

Like many other states, Oregon is trying to bring freedom to workers. A group of Oregon activists, armed with research from the Cascade Policy Institute, are attempting to put right-to-work for government employees on the ballot in November 2014.

Similarly in Washington at the Freedom Foundation, many are convinced of the economic benefits of liberty and hope to achieve labor reform in their state.

On the day of my final presentation, I pulled up to Vancouver's Clark City College. My worries of not being able to find the building were immediately allayed when I saw about two dozen angry protesters holding signs and blocking the parking lot. Point one for the "You Can, Too" tour.

My wife, Katie, was driving; she admittedly has much more experience with protestors after running large events for the last eight years for the Institute for Humane Studies and Americans for Prosperity. Without listening to her warnings, I opened the window to thank the demonstrators for coming out. A man, clad in a hard hat and orange union shirt, spat on my hand when I extended it for a handshake.

After going inside and finding some much needed hand sanitizer, we found the host of the event. Everyone was a little concerned about the

protesters outside who were blocking traffic and trying to intimidate the attendees.

As the Cascade Policy Institute and the Freedom Foundation prepared to start the event, the same protesters stormed in and tried to hijack it.

This gave rise to a genuine opportunity: to debate the protestors on the spot.

At one point we did achieve a back and forth — I put aside the microphone as the protestors did not have one. But before long the chanting replaced any real conversation. It was clear: the protestors did not have a strong argument against right-to-work and the benefits of freedom. Point two for the tour.

Police eventually arrived on the scene and two protesters who refused to leave were arrested. After all the activity, the presentation went on as scheduled.

Because of the spectacle created by the protests, the event soon made national news in The Blaze and the Franklin Center's Watchdog Wire. Jeremy Lott of Real Clear Politics and Sean Higgins of The Washington Examiner also picked up on the story.

These articles highlighted the work of the Mackinac Center for Public Policy, the Freedom Foundation and the Cascade Policy Institute in regards to right-to-work. Point three. What was intended to disrupt and intimidate had the opposite result — it shored national resolve. The backbone of those working to bring choice to union members was stiffened.

Michigan's victory has granted hope to forced unionism states around the country. Because of the victory here, states which may not have thought labor reform was possible now have more tools and a heightened spirit to challenge the forced-dues status quo.

For part one of this story see Mackinac.org/18591

MINIMUM WAGE BATTLES IN MICHIGAN

One of the seven principles of sound public policy is that we consider long-run effects and all people, not short-run effects and a few people. The latest push for an increase in the minimum wage could use more of a consideration of the long-term effects on all people.

The stated goal of proponents for a higher minimum wage is to help out struggling families, according to Fight for 15, the union-sponsored group supporting fast food strikes around the country. In 2012, however, 55 percent of all minimum wage workers were between 16 and 24 years old, according to the Bureau of Labor Statistics — in other words, the majority of minimum wage workers are young people who are unlikely to be breadwinners for a family.

Even with that in mind, raising the minimum wage is an ineffective way of trying to help people because the concept is fundamentally flawed. Every worker provides some level of value to their business - otherwise they wouldn't have a job. But not every worker is equally valuable to an employer. By prohibiting employers from offering job at wages less than a mandated and arbitrary rate, lowvalue work will often not be offered. This is despite the fact that many people would prefer that job for the below-rate compensation rather than settle for existing alternatives.

As Mackinac Center Director of Labor Policy Vinnie Vernuccio has said, hiking minimum wages doesn't guarantee more pay for workers. It guarantees fewer jobs.

If the point of the minimum wage is to increase average wages, it hasn't accomplished its goals. Inflationadjusted median weekly earnings are down 3 percent since the hike, according to the Bureau of Labor Statistics, and this is even after prohibiting wages below a level. With fewer jobs after the recession and lower average wage rates, you have to wonder whether the minimum wage is an effective tool for accomplishing its goals.

This is an immense increase in the number of people working at low wages. While this doesn't necessarily show that raising minimum wages hurts its intended beneficiaries, increasing the minimum wage does not increase wages at the bottom. The most effective way to raise the standard is to promote economic growth for everyone. ■

The battle for true worker freedom isn't won overnight. >>

won overnight. >> >>> The Overton Window of Political Possibility

The Overton Window of Political Possibility is a model to explain how changes in public policy occur. When evaluating the options within any specific public policy issue, only a relatively narrow window of options will be considered politically acceptable by politicians. The window of acceptable policies is not primarily defined by the politician's preference, but by what he or she can support without jeopardizing re-election. As society embraces new ideas, the Overton Window shifts to include additional public policy options that were previously deemed unacceptable.

The passage of Michigan's right-to-work law in 2012 represents a significant shift in the Overton Window as it relates to labor policy. In addition to this achievement, many other reforms have occurred over the last several decades. A key one that the Mackinac Center has advocated for over the years is a worker's right to his or her own money and how it is spent.

2012

Passed by the Legislature and signed by Gov. Rick Snyder, Public Act 53 prohibits public school districts from using public resources to collect union dues from public school employees' paychecks. This measure removes the government from collecting income for a private organization and allows unions to approach workers directly for payment of dues. The U.S. Court of Appeals for the Sixth Circuit later ruled that the law is constitutional. Public Act 53 also required unions that represent public employees to annually file an independent audit of collective bargaining expenditures with the Michigan Employment Relations Commission.

2012

The Legislature prohibited the stealth unionization of independent contractors by clarifying that persons whose private compensation comes in part from a government subsidy are not public employees for purposes of collective bargaining. This issue was brought to light by the Mackinac Center Legal Foundation, which represented home health care workers and day care providers who had been unionized.

1994

The Michigan Legislature amended campaign finance laws in order to safeguard the free speech rights of unionized workers. The law required unions to obtain a worker's affirmative consent before deducting money from the worker's paycheck for political purposes.

1986

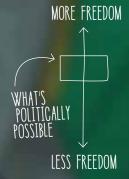
Teachers fired for failure to pay agency fees could not collect unemployment insurance benefits, according to the Michigan Supreme Court.

1973

In response to a Michigan Supreme Court case, the Legislature amended the Public Employment Relations Act to allow for agency shop agreements, meaning that a unionized public employee could be fired for refusing to pay the union.

1965

The Michigan Legislature adopted the Public Employment Relations Act, which gave public employees the right to bargain collectively with their employer.



The concept of the Overton Window is very simple. Policy issues normally travel towards improved freedom or lessened freedom. The Mackinac Center's default is to move an issue toward more freedom. We want more.

Find out more about the Overton Window at mackinac.org/overtonwindow





THE UFOs HAVE LANDED AND THEY ARE HERE TO REPRESENT YOU

What are the **U**nion **F**ront **O**rganizations known as Worker Centers?

F. VINCENT VERNUCCIO

Worker centers, an organizing tool employed by unions

to recruit non-union workers, are gaining popularity by labor leaders hoping to stem labor's membership declines nationwide. These centers, which initially seemed like a potential reform, are being used for politics and intimidation of workers and employers. From Walmart protests and fast food strikes to the AFL-CIO welcoming non-union left wing organizations such as the Sierra Club into their federation, worker centers are fast becoming the new face of organized labor.

At first, workers centers seemed like a positive development: they could allow workers who wanted to be represented to have representation, while not forcing it on those who do not. It seemed a needed acknowledgement that labor's antiquated, one-size-fits-all business model was a primary culprit for the national decline in union membership.

AFL-CIO President Richard Trumka even publicly stated that unions "are not going to rebuild the labor movement solely through NLRB elections and voluntary recognition by employers" and that "the AFL-CIO's door has to be — and will be — open to any worker or group of workers who wants to organize and build power in the workplace."

Janice Fine, professor of labor studies and employment relations at Rutgers University, estimates that there were only five worker centers in the United States in 1992. As of 2013, that number is over 200.

In 2006, the AFL-CIO formalized its relationship with worker centers, which were successfully recruiting non-union workers to help with the union's political agenda. According to the AFL-CIO, that year the federation's executive council authorized worker centers to formally

affiliate with state labor federations, local labor councils and Working America.

An April 17, 2013, Working America press release states it plans to expand into all 50 states by 2018, primarily by "organizing in neighborhoods." It goes on to say, "As Working America expands nationally, it will continue its year-round community organizing and electoral and legislative work, as well as pilot different methods of organizing workers on the job. Those models and tactics include a workplace organizing site launching in May called fixmyjob.com."

Organizing is a central theme in the project's website fixmyjob.com, yet the term "collective bargaining" is difficult to find anywhere on the website. This diverges from typical labor representation, the goal of which is to represent workers' interests to their respective employers.

The success of these organizations is taking root in the unions' very foundations.

At its recent convention in September, the AFL-CIO passed the internally controversial Resolution 5, titled "A Broad, Inclusive and Effective Labor Movement."

The resolution expanded membership to "any worker who wants to join the labor movement and who is not already covered by a collective bargaining agreement," as well as to "work with existing, progressive, national, state and campus-based student organizations."

Harold A. Schaitberger, president of the International Association of Fire Fighters (a member union of the AFL-CIO), said there is value in partnering with other groups but not as the primary mission of AFL-CIO. He told the online publication The Hill he was against a formal partnership because "We are supposed to be representing workers and workers' interests. ... We are not going to be the

American Federation of Progressive and Liberal Organizations."

Terry O'Sullivan, president of the Laborers' International Union of North America, voiced similar concerns about the resolution. He asked, "[d]oes that mean we are going to turn energy policy of the AFL-CIO over to the Sierra Club?"

A main reason labor is reaching out beyond its ranks is that private-sector unionism is particularly in decline, and has been for decades. Private-sector union membership is at the lowest percentage of the American workforce since 1916. After losing 400,000 members in 2012, the percentage of private-sector workers who are union members dropped to only 6.6 percent of the workforce.

Worker centers are a tool to resurrect membership in another way, too: By focusing union organizing efforts in board rooms. Through a labor tactic called a "corporate campaign," unions can bring public pressure on job creators to capitulate to their demands. A frequent demand involves pressuring the company into a "neutrality" agreement, which among other things takes away the secret ballot from workers via a card check election.

So how does this evolve?

During a corporate campaign, a union or worker center engages in regulatory pressure or reputational attacks, which in some cases venture into personal attacks on company officers.

The most famous example of corporate campaign literature came to light in 2011. A Service Employee International Union, or SEIU, "Contract Campaign Manual" instructed workers on how to successfully put pressure on a corporation, saying "outside pressure can involve jeopardizing relationships between the employer and lenders, investors,

stockholders, customers, clients, patients, tenants, politicians, or others on whom the employer depends for funds" and using legal and regulatory pressure to "threaten the employer with costly action by government agencies or the courts."

It also recommended personal attacks by digging up "dirt" on the company and individual officers with charges such as "racism, sexism, exploitation of immigrants or proposals that would take money out of the community for the benefits of distant stockholders."

If these tactics are successful and a "neutrality agreement" is reached, then a card check election is instituted rather than a normal secret ballot election. During the election itself, cards are signed in the open without affording workers the protection of a secret ballot; this naturally can lead to intimidation and coercion of the vote. Unions prefer card check because it makes unionization easier.

Of course even with a card check campaign employees still have a choice, although that choice may come with intimidation and coercion. Worker centers allow unions to claim to represent workers without even giving them the opportunity of card check.

Regarding worker centers, Craig Becker, former Obama appointee to the National Labor Relations Board and current AFL-CIO General Council, told The Nation in April, "We want to figure out a way to make membership more open, to make membership in a union not depend on workers being willing to endure trial by fire in an election or extended pitched battle with the employer for voluntary recognition [card check]...."

According to Becker, it is too much for employees to have to go through an election or even card check recognition. Instead he hopes that a worker center could represent them without the affirmation of the majority of employees. By that same rational, it could be argued that voters should not have to "endure trial by fire" in an election for president, Congress or state offices.

The Mackinac Center has been covering labor issues in MIchigan for two-and-a-half decades. Our interest has always revolved around promoting freedom for the men and women who comprise Michigan's workforce. Visit Mackinac.org/labor for our archives of labor work.



"In short, these worker centers are accomplishing political goals separate from unions' collective bargaining purpose as well as setting themselves up to bully their way into increased membership, and doing it all without the same restrictions from labor law."

Corporate campaigns were in the news this past summer as a key tactic of worker centers such as "Our Wal-Mart," which is heavily supported by the United Food and Commercial Workers union. The worker center and the "Making Change at Wal-Mart" campaign were used to try to force Walmart into signing a neutrality agreement with the UFCW to take away the secret ballot from employees.

The impact of worker centers was also seen this summer when the Washington, D.C., city council voted on a bill targeting Walmart that would have imposed a "living wage" 50 percent higher than the local minimum wage for "big box" employees while exempting almost every other business. After the bill passed the council and before the mayor vetoed it, Walmart said it may have needed to leave the city.

A United Food and Commercial Workers union representative noted sarcastically: "In a scenario many union reps could only dream of, Walmart is threatening to pull out of the Washington D.C. market due to the city's temerity in passing a living wage law."

Another worker center engaging in corporate campaigns is the Restaurant Opportunities Centers United. ROC originally affiliated with the Hotel Employees and Restaurant Employees International Union, staging protests and filing legal actions against restaurants. ROC is now generally funded by foundations such as the Tides and Kellogg Foundations and through federal grants. Trey Kovacs, labor policy analyst at the Competitive Enterprise Institute, estimates that ROC received almost \$1 million in grants from the U.S Departments of Labor and Health and Human Services.

Worker centers are the ideal vehicle for conducting corporate campaigns because they are not subject to federal labor laws. Many such laws prohibit picketing of a company's suppliers and other company relationships; they also dictate how long a union can picket a company before filing for an election. Finally, by claiming they are not unions; worker centers can try to bypass federal financial disclosure laws which are required of labor organizations.

In short, these worker centers are accomplishing political goals separate from unions' collective bargaining purpose as well as setting themselves up to bully their way into increased membership, and doing it all without the same restrictions from labor law.

Last October, D.C.-based labor attorneys
Stefan Marculewicz and Jennifer Thomas
published "Labor Organizations by Another
Name: The Worker Center Movement and
its Evolution into Coverage under the NLRA
and LMRDA" in the Federalist Society law
journal Engage. The authors categorically
link how worker centers act like and should
be legally treated as labor organizations
with the same prohibitions and guidelines as
regular unions.

They point out that "worker centers are directly engaging employers or groups of employers to effectuate change in the wages, hours, and terms and conditions of employment for their members. Indeed, when it comes to such direct engagement, these worker centers act no differently than the traditional labor organization."

If they were to do this and forego the special privileges afforded to labor unions (one of the reasons unions also have to abide by certain restrictions), then worker centers could be the next evolution in labor. A better, individual-worker-centered, collaborative, nonpolitical future for the labor movement.

As it stands, however, this is not the case. Instead they are doubling down on strategies that do not emphasize the needs of workers, but rather the preferences of union leadership. It is no wonder that many workers do not see the value in this particular business model.

Vincent Vernuccio is the director of labor policy at the Mackinac Center.



This fall, Michigan received disappointing but expected news: The Center for Education Reform gave the state a score of '0' for its school choice policies. Though charter public schools provide choice to

AUDREY SPALDING

approximately 10 percent of Michigan public school students, our state is the only one in the nation to hold the distinction of

constitutionally prohibiting any form of private school choice, including tax credits.

In this regard, Michigan lags far behind Indiana, Ohio and Wisconsin. All three of those states have recently expanded their private school choice programs. Michigan's neighbor to the south, Ohio, now enables students attending failing schools to make a better choice: Low-income Ohio students and those with special needs can attend schools that their parents believe will provide them with the best education. While Michigan students attending poorperforming schools have to "wait it out" if there is no available public alternative, Ohio provides students with immediate access to an alternative.

Wide-ranging choice programs like Ohio's are promising because they empower parents. With the expansion of choice, schools become more accountable to the people they serve: If students leave, schools will lose money. By expanding private school choice, Ohio is incorporating choice-based accountability and placing more power in the hands of parents.

In comparison, some of Michigan's recent reform efforts fall flat, in part due to the fact that the state is handicapped by its prohibition against private school choice. State officials enforce accountability instead with unilateral state action and bureaucracy. There is no better illustration of this than the state's "Top-to-Bottom" ranking: a list that purports to measure the

quality of all schools with a single — though complex — methodology.

This list is used to force schools to fire principals, trigger school reorganization, and could even force the closure of a school. Indeed, legislators have considered using the TTB list to identify schools for state takeover. Never mind the fact that some of the lowest-ranked schools on the TTB list have been recognized for their success by independent, third-party organizations.

One stark example illustrates the risks associated with a centralized accountability system. Thirkell Elementary, a Detroit elementary school featured in the last edition of IMPACT for scoring at the top of the Center's Context and Performance report card, is ranked very poorly by the state. It is troubling that Thirkell, which the U.S. Secretary of Education honored this year and which Excellent Schools Detroit identified as a top-rated school, is considered a failure by the Michigan Department of Education.

Choice-based accountability has the potential to transform education for the better. Since parents see schools first-hand, they are able to discern whether a school is meeting their child's needs. The decentralized knowledge that parents gain through experience is what economist Friedrich Hayek described as the "particular circumstances of time and place." There is no mechanism that will ever be able to make use of all of this richly detailed information, other than enabling individuals the freedom to make decisions to best serve their needs.

In other words, no equation developed by state officials will ever be able to take into account what parents know from experience and word-of-mouth about the quality, safety, organization and effectiveness of each Michigan school. A centralized system of judging school quality will always overlook key and individual aspects of certain schools, or penalize schools for serving disadvantaged children.

A better model is in Ohio, where students in schools that receive low grades on the state's report card for two years become eligible for up to \$5,000 to attend another school. Instead of unilaterally closing the school or requiring certain actions, Ohio empowers students and parents to leave — if they want. If the state misidentifies a school as failing when it really is serving students well in the eyes of their parents, then students will continue to enroll.

Michigan has tried many different stateimposed accountability reforms recently, including "best practices incentives" to encourage districts to adhere to better financial and educational practices. These require districts to evaluate teachers based on performance, and also require that performance be a significant factor in teacher compensation.

Unfortunately, certain schools have repeatedly demonstrated how to abuse or avoid these state reforms: The Birmingham school district gamed the state's best practices incentive to get hundreds of thousands of dollars for taking in just six additional students. Lansing rated every one of its 887 teachers effective, rendering the evaluation requirement meaningless. Davison Community Schools made headlines when the district provided just \$1 more to teachers who were rated highly effective.

Such abuses are an expected risk in a top-down accountability system. There is little recourse under this system, and taxpayers are left to foot the bill for clever work-arounds.

In comparison, a choice-based accountability system would force districts to focus on providing an education that meets students' needs. Districts would not be able to easily game such a system — if schools do not meet the needs of students, parents could simply take them to another school. Under a system of comprehensive school choice, the state could ease up on top-down reforms and instead trust parents to remove their children from failing schools.

Michigan has tried virtually every other education reform measure in the book. But the state has not enabled widesweeping educational choice. Perhaps it's time to consider it. ■

Audrey Spalding is director of education policy for the Mackinac Center.















The Mackinac Center's 25th anniversary gala, held Oct. 7 in East Lansing, was a celebration of several major policy victories — right-to-work chief among them — but the theme of the evening was clear: let's keep moving forward.

"We are here in part to celebrate that success, but not as a stopping point,"
President Joseph G. Lehman told the sold-out crowd assembled at the Kellogg
Center on the campus of Michigan State University. "It's only a milestone on
the way to freedom across the board."

John Mackey, co-CEO of Whole Foods, was the keynote speaker and was introduced by Attorney General Bill Schuette.

"We are rapidly ending poverty on this planet and it is due to capitalism," Mackey said. "Business is good because it is the biggest value creator in the world. And it is ethical because it is not based on coercion; it is based on voluntary exchange. No one is forced to trade. They trade because it is in their best interest to do so."

Clifford W. Taylor, former chief justice of the Michigan Supreme Court and current chairman of the Center's Board of Directors, served as emcee for the evening. Also in attendance were several legislators and Michigan Supreme Court Justices Robert Young, Stephen Markman and Bridget Mary McCormack. The evening began with the Thirkell Elementary School choir performing "American the Beautiful." Thirkell — which the Michigan Department of Education's "Top-to-Bottom" list ranks in the bottom 1 percent of schools statewide — was named the best elementary school in Michigan on the Center's Context and Performance report card. The Center's report card is superior to the state's TTB ranking because it takes the socio-economic backgrounds of students into account when assessing a school's performance.

D. Joseph Olson, one of the founders of the Center and long-time board chair, was honored for his years of service and dedication. He shared the story of how his late wife, Teri, came up with the Center's name, which was originally called the Michigan Research Institute. "She said she couldn't think of anything that was more uniquely Michigan than 'Mackinac."

The Mackinac Center's "Champions of Freedom" award was given to two long-time supporters of the Center that night — for in this hallmark year, the share of the credit was widespread for our great policy victories. The award was created to honor donors dedicated to entrepreneurialism, liberty and free markets.

Robert and Patricia Haynes were given the "Lives, Fortunes and Sacred Honor" award. The parents of two adult children with cerebral palsy, the Hayneses were the public face of the Center's lengthy battle to end the SEIU's "dues skim" and stealth unionization scheme that took \$35 million away from Michigan's Medicaid recipients.

"I'm declaring that we're not settling for what some might say is our best effort for the next 25 years," Lehman said. "We're trying to establish, and re-establish, the greatest earthly principles a government was ever organized around, in the greatest country in the world — Starting in Michigan."

Michael D. LaFaive is the director of the Morey Fiscal Policy Initiative at the Mackinac Center.

How to Save Cities Millions

Many quotes have been attributed to Mark Twain over the test of time, such as this gem:, "I saw a startling sight today, it was a politician with his hands in his own pockets." That bit of transcendent satire rings with truth because time and again, members of both major parties **MICHAEL** seemingly manage to extract D. LAFAIVE more of what we earn.

In the United States, taxes from such sources as state and local income taxes, sales and gross receipts taxes, motor fuel taxes, vehicle taxes, and alcohol taxes all hit record peaks in the second quarter of 2013. In other words, not since 1962 - when the Census Bureau first started tracking such revenues - has government's take been this large in each category.

One does not have to look hard to see how state and local officials want even more. Here in Michigan too many have argued that Michigan governments need even more money. There is a much better alternative: Bold policy reforms that reduce the cost of government and thus reduces the level of taxation needed.

The good news is that it has been done before and can be done again. Based on experience with privatization initiatives elsewhere, the Mackinac Center in 2000 published a conservative estimate of what could be saved in Detroit if it simply

> subcontracted for services in just six areas: Water, wastewater management, busing, garbage collection, inspections and

ambulance services. Total annual savings would have exceeded \$165 million.

This figure excludes countless other possible savings from contracting with Wayne County for police; a private firm or another government for fire services or selling off billions in city assets. It only requires the will and ability to make tough decisions.

We need not speculate over what might have been. Many Mackinac ideas have been adopted in Pontiac under the three emergency managers who operated the city. The most successful - Lou Schimmel - has practically halved the city's operational budget through a combination of competitive contracting, the sale of assets and other reforms.

Since 2007, the city has reduced its official employment rolls from more than 500 to 20. Schimmel helped avoid a courtimposed tax increase by monetizing the city's water and wastewater assets. Police and fire services are now provided by other units of government and for millions less per year than in 2009. The city's golf course was sold to a private vendor.

Governments across the country are probably spending at unnecessarily high levels to provide services that can be and are being provided better and less expensively elsewhere. This assertion includes services provided by nearby governments.

Until they do more to sell off unnecessary assets and competitively contract services to private vendors, calls for even higher taxes than we pay now should be taken with a big grain of fiscal salt.

Liberty Changes Lives



Kris is the Mackinac Center's Vice President of Advancement. Call 989-631-0900 or write her at palosaari@mackinac.org

From the child who moves to a better school ... to the business owner relieved of governmental red tape ... to the worker offered a choice on union support ... all of Michigan is benefitting from profreedom policies that you have helped advance.

Today you and I have a major opportunity to keep these freemarket, limited government wheels turning through a \$300,000 challenge grant sponsored by a generous donor.

I'm Kris Palosaari, vice president for advancement at the Mackinac Center. I'm thrilled to share the news that a free-market enthusiast has come forward with an offer to match all first-time gifts and all increased gifts to the Center through December 31, 2013.

This means that every gift from a new donor and the increased share of every gift from our current supporters will be

matched - dollar for dollar - if the gift is made this year.

This generous donor is invigorated by what we have accomplished already in Michigan and inspired to push ahead on the kind of commonsense, freedom-based public policies that Michigan needs to become this country's economic engine once again.

Imagine our state as a model for the entire country of achieving difficult but important wins, like right-to-work!

We can only accomplish this by working together - and we must act now. This challenge grant is only available through December 31, 2013.

Your tax-deductible gift today will help us take full advantage of this opportunity and put extra funds to work on the kind of research, education and outreach initiatives that you are reading about in this issue of IMPACT.

Together, we can stand with the Mackinac Center legal team as they help teachers gain worker freedom. Together, we can support the policy team as they research school performance and state spending. Together, we can send Michigan Capitol Confidential reporters into the field to expose government shenanigans.

Together we can change our state's future. Please invest in freedom by giving toward this challenge grant today. A reply envelope is enclosed with this issue, and you also can make a gift online, safely and securely, at www.mackinac.org.

Please feel free to contact me directly at 989-631-0900 if you would like to talk about becoming more deeply involved in the work of the Mackinac Center or about making a gift of stock or including the Mackinac Center in your planned giving program.



A Crucible for Change: Governmental Responsibility

Lately, there seems to be a shift in public attitude toward government. Perhaps it's the massive dysfunction of the Obamacare website. Perhaps it's residual frustration with the government shutdown. But it seems to be real — people are growing a little more skeptical of big government, and in a bipartisan way.

Take for instance the eight public school employees in Michigan who are now represented by the Mackinac Center Legal Foundation. Each tried to opt out of their union after the passage of Michigan's right-to-work law. They were never told about the "August Window," which before right-to-work meant that a teacher could only resign their membership during one specific

month out of the year. Otherwise the administrative burdens would be too onerous, the union has argued. The Michigan Employment Relations Commission, in 2004, before right to work, had agreed with the MEA that an increase in paperwork for the union trumped teachers' First Amendment rights.

These are the inevitable oversteps when government overreaches itself, and it always does.

Take this quote from the AFL-CIO policy director Damon Silvers, reported by Salon on Oct. 17, 2013. In the context of proposed entitlement reform in the wake of the government shutdown, Silvers said, "The labor movement is going to fight to the death to stop cuts to Social Security and Medicare and Medicaid. Not 'unreasonable cuts.' Not 'cuts without tax increases.' Cuts period. We're against all of them, we will fight them ferociously, and we will give no cover to any [one] who supports them."



The good news is, despite the impact this tribalistic attitude has on people from all walks of life, all walks of life are getting tired of it.

As Miriam Chanski, the lead MCLF plaintiff and a young kindergarten teacher in Coopersville, put it: "I don't have a bone to pick with the unions at all. We have a right to opt in or out, but I expect that right to be honored."

For Chanski, it's not about politics. It's about respect for her right to choose association with an organization or not. Respect and honor: two excellent principles to start from for everybody.

Perhaps it's time public-sector union officials started taking notes.

Because let's face it — the overstepping happens incrementally and undercover, too. Take our latest study, "Benefits and Balance," from James Hohman, assistant director of fiscal policy. James monitors the outpacing of public to private benefits over the years, and points out that benchmarking public-sector benefits at all levels of government in Michigan to private-sector averages would save taxpayers \$5.8 billion a year.

To give this some perspective, that kind of money could have funded all of the private endeavors to restore Detroit postbankruptcy, and then some.

This roughshod attitude towards union members' rights and taxpayers' money may truly be a turning point for people — it just might be that inevitable crucible for change. \blacksquare

BY THE NUMBERS Government "Charity:" The Spirit of Misgiving

284 percent: the growth of Michigan's exports to Colombia since 2005. Labor leader James P. Hoffa complained in The Detroit News that free trade with the country would harm workers.

0.8 percent: annual increase in state personal income growth that right-to-work will deliver for Michigan, according to a new Mackinac Center study.

\$0: the amount of film incentives North Carolina will be offering in 2015. The state's program had been one of the most generous in the country.

\$35 million: the amount of state tax money that Michigan is offering to the producers of the new Superman-Batman movie.

\$2.5 million: State grants for Hyundai America to expand its Michigan tech center. The facility had received two incentive packages in 2003 and 2005 and failed to meet its job projections.

900: businesses shut down by Detroit's Operation Compliance, which patrols the city and fines businesses over things like zoning and signage infractions.



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