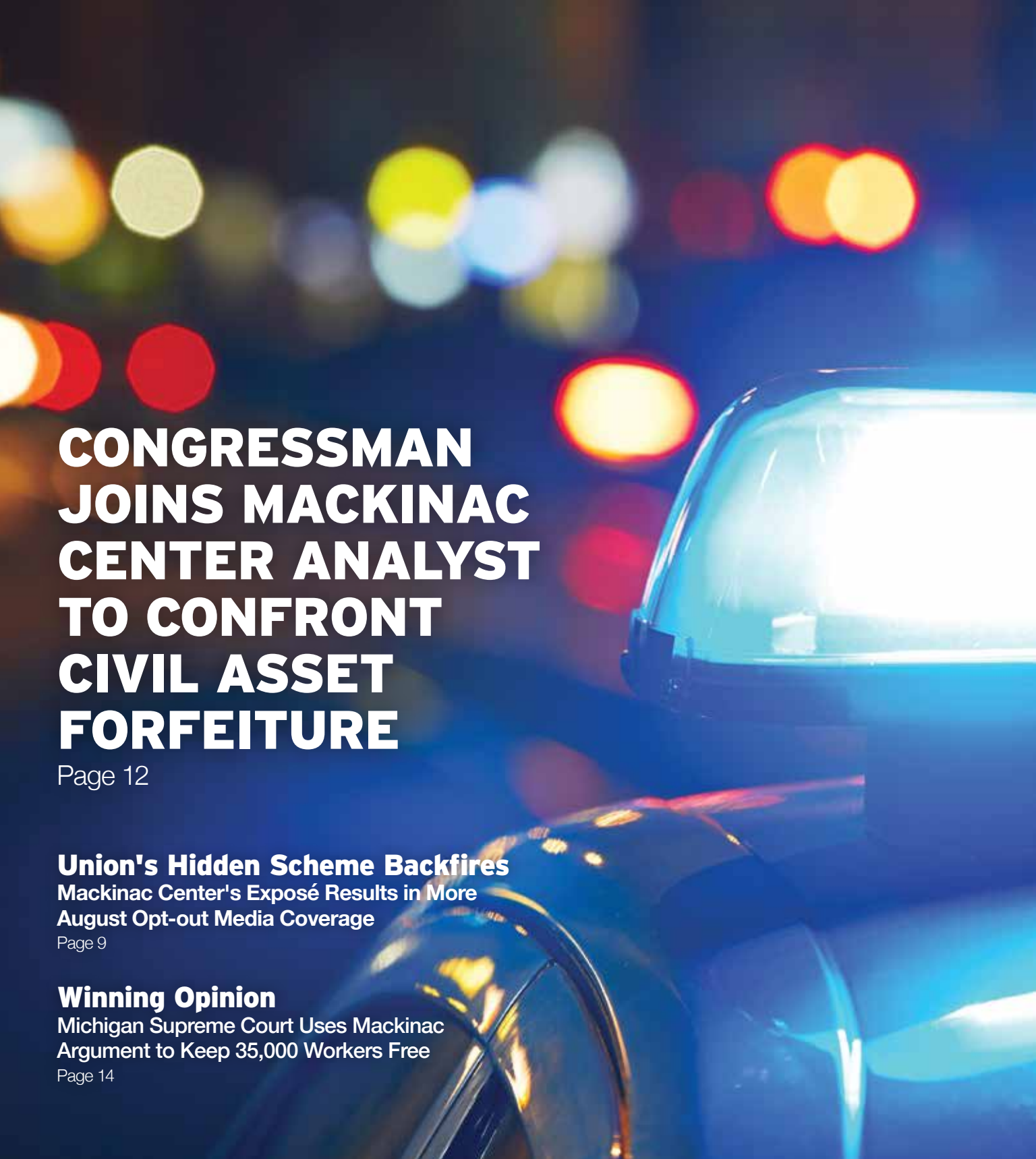


The Magazine of the Mackinac Center for Public Policy SEPTEMBER/OCTOBER 2015

# IMPACT



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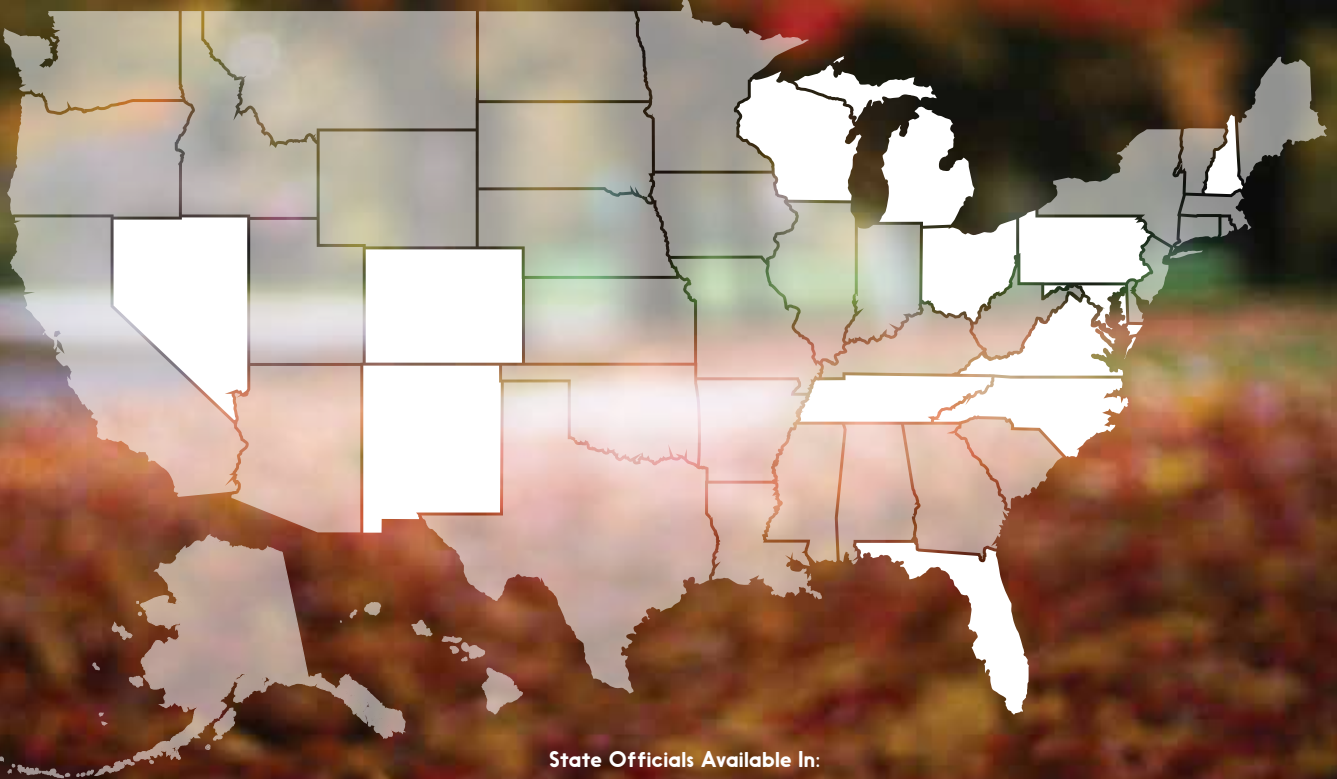
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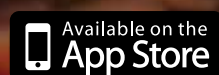
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# Ballot Proposals, Big Labor's Bark, and PO Boxes

Fall brings back familiar sights, sounds and smells of autumn in Michigan – the distinct, crisp air flavored with the aroma of burning leaves; the beauty of a fall color tour alongside Michigan's roadways; and the noise of leaf blowers showing the season who's the boss of our lawns.

The fall also signals the beginning of football season; the time to pull our sweaters and sweatshirts out from hiding; and the time to travel to the apple orchard and sample doughnuts and cider.

It's also the season for ballot proposals. Next year, voters could consider up to eight issues on the November ballot. They include repealing the prevailing wage, hiking the corporate income tax, mandating employer-paid sick time, banning the use of fracking, legalizing the recreational use of marijuana (two different proposals), imposing price controls on medical services, and instituting mail-only voting. Capitol Affairs Specialist Jack Spencer breaks down these proposals in our feature article. Page 10.

Fall also ushers in the beginning of the school year. The Mackinac Center will release several videos showcasing the value of educational choice from some of Michigan's public charter schools. Page 7.

Should politicians fear losing their jobs if they support labor reform? Based on a recently released timeline by the Mackinac Center's labor policy director, the answer is "no." F. Vincent Vernuccio researched labor reform campaigns in five states and found overwhelming support for candidates who favor more freedom for workers. Page 14.

Isn't it frustrating to get returned mail when you accidentally send it to the wrong address? How much more frustrating would that be if the organization you wrote to admitted to receiving your letter, but returned it because you didn't use a specific post office box number that you had not been aware of? That's exactly what happened to some teachers looking to opt out of the Michigan Education Association. MEA officials responded to letters sent by members by telling them they had to send a letter to another post office box number if they wished to opt out. It's just one more hurdle the MEA has put in front of those who want to exercise their right to choose whether to financially support the union. Page 9.

And speaking of trying to force people to pay for things they don't want or agree with, the UAW tried to compel Michigan civil service employees to pay the union or risk being fired. The Michigan Supreme Court ruled in favor of the workers and said these state workers are free to exercise their right-to-work freedoms if they so choose. The high court agreed with the Mackinac Center Legal Foundation's argument that these required agency fees were like a tax on employees and that the Civil Service Commission had no authority to tax. Page 14.

Rest assured, as you adjust to the changing of the seasons once again, the Mackinac Center continues its unchanging mission of advancing liberty and opportunity for all people. ■

Dan Armstrong is director of marketing and communications at the Mackinac Center.



## Blog

Keep up to date on the latest policy stories from Mackinac Center analysts.

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WHAT FOLKS ARE SAYING ABOUT THE MACKINAC CENTER

**"It is a work of genius and beauty."**

— Grover Norquist, president of Americans for Tax Reform, on the Mackinac Center's Labor Reform Timeline





Joseph G. Lehman

## What It Takes to Be Free, in the Long Run

Lithuania was the first Soviet republic to declare its independence from brutal Communist overlords. Perhaps it should not be a surprise that the country also was home to the people who had the guts to establish a free-market think tank even before the Soviets left. The Lithuanian Free Market Institute was established during the last year of Soviet occupation. Given this history, I wasn't about to refuse an invitation from those indomitable people to commemorate the 25th anniversary of the institute's founding.

LFMI asked me to briefly address "future policy challenges." Dr. Charles Murray of the American Enterprise Institute, the only other American on the program, spoke at greater length on his pioneering social science research.

I focused on what will make LFMI effective in advancing freedom over the next 25 years. My three points apply equally well to just about any think tank anywhere. Here they are.

Take the long view. Politics by necessity is seldom focused beyond the next election. But transformational reforms take many election cycles to ripen and politicians cannot act until those issues become ripe. Think tanks are uniquely suited to introduce, develop, incubate, debate, defend, promote, and ripen reform ideas over many election cycles until the political time is right.

Think tanks stand outside election cycles and alongside people who see politics as a means to ratify sound policy and don't see policy rhetoric as a means to get people elected.

Stay rooted in ideas. A think tank's credibility lies ultimately in its linkage to some "North Star" principles — a set of coherent, foundational ideas that embrace the best understanding of economics, human nature, historical perspective, and aspirational ideals. Temptations abound to hitch our wagons to other stars, such as technocratic expertise, ephemeral single issues that blaze quickly and fade fast, policy hobbyhorses, political parties and charismatic personae.

### JOSEPH G. LEHMAN

Durable, transformational policies must be linked to something more solid than these.

Ideas that last will appeal to the head, heart and soul. More than any part of the political ecosystem, think tanks are especially well suited to link sound economics to logic, emotional inclinations, and the sense of right and wrong.

Create and protect conditions for open debate. Ten years ago this wouldn't have been one of my three points, but defending free speech has become a cost of doing business. Free speech is to debate as oxygen is to life; it's a necessary environmental condition.

Free speech is in danger. We've been sued, threatened with death, shouted down, spat upon, politically targeted for IRS and other investigations, and subject to government demands to hand over private information about our donors. The leading presidential candidate of a major political party has seriously proposed altering the First Amendment, an idea that has majority support in the Senate. In Europe, political satirists are hounded into hiding and murdered at their desks.

Without freedom of speech (and of conscience), only ideas favored by the political regime can be heard. A plaque outside the Lithuanian Museum of Genocide Victims describes those so persecuted as being "otherwise minded," i.e., thought criminals.

.....

If think tanks focus on the near term or lose touch with timeless ideas they will offer nothing unique to the political ecosystem and thereby lose credibility, authority, and support. If they don't defend the free exchange of ideas — all ideas — they may suffocate. Happily, the national and international networks to which the Mackinac Center belong know how to leverage their distinctive combination of long-term thinking, commitment to principles over politics, and defense of free speech to advance our goals of freedom and prosperity for all. ■

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# THE CONSERVATIVE HEART:

## Making Ideals That Work into Ones that Persuade

Arthur Brooks, president of the American Enterprise Institute, has released his

**ANNE SCHIEBER**

sixth book in the liberty movement genre with "The Conservative Heart." At first, I was put off by the title. Conservatives, having been through eight unfortunate years of "compassionate conservatism," will have to explain, once again, that conservatism doesn't need an adjective to make it not scary, and no, they don't exist to bite people's heads off.

Fortunately, my misgiving faded as I went to the heart of the book, whose full title is "The Conservative Heart — How to Build a Fairer, Happier and More Prosperous America." Brooks makes the case that while conservatives are more charitable and happier than their liberal counterparts, they fail to communicate that they care. Surveys show conservatives are viewed as having strong moral values and leadership skills. But on empathy and compassion, liberals win hands down — despite the overwhelming evidence that conservative ideals about free enterprise, property rights, free trade and the like are the most effective way to address poverty, social injustice and income inequality.

Brooks asks the "yes, but" question: If conservative ideals work, why haven't all Americans adopted the cause? He points to the developing world to show

that capitalism has been a powerful means for people to make great strides in a short time in greatly improving their standard of living.

For decades now, the U.S. has attempted to make a dent in poverty with its much-heralded War on Poverty. But despite the trillions of dollars spent by an army of intellectuals and service professionals, the war has been a failure. A line graph of the U.S. poverty rate between 1961 and 2003 tells the tale. Since 1966, the line has been stuck within a narrow band of 10 to 15 percent of the population, moving along with economic cycles. The most dramatic change in the rate came between 1961 and 1966, when, not coincidentally, America's growth rate was 4.53 percent (four times the levels we see today) and the so-called war had not yet ramped up.

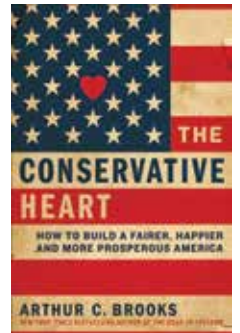
Conservatives love reading and discussing such data, but merely doing so is not the way they will convince the world that their policies work. To win others over, conservatives must prove they are empathetic and have a moral purpose. To that point, Brooks provides a roadmap in a chapter called "The Seven Habits of Highly Effective Conservatives." These habits, no more than six words long, should be posted on the desk of every supporter of liberty. My list is next to a copy of "How to Win Friends and Influence People," which, no surprise,

uses some of the same techniques.

What I liked best about the "Seven Habits," was Brooks' step-by-step guide in dealing with specific audiences, which he labels "true believers," "persuadables" and "hostiles." He talks about the importance of fighting for people, not things — think Ronald Reagan — and demonstrates the point with a word cloud of a Reagan speech. The word "people" stands out prominently.

The fact that the liberty movement needs a book like "The Conservative Heart" speaks for itself. How many books are there telling liberals how to be more empathetic and compassionate? The goals are often the same — fighting for people and improving opportunity for all. The ideals of free markets, rule of law, and strong non-governmental institutions work, but their advocates they need to keep this in mind: To get the country to listen, people have to know that you care beyond things like data, charts, and abstractions. ■

Anne Schieber is the senior investigative analyst at the Mackinac Center.



On March 28, 2013, Michigan became the 24th right-to-work state in the nation. With the expiration of the contracts for the "Big Three" automakers, most UAW workers in Michigan can now enjoy the same freedom as those workers in other states and industries that can choose whether to financially support a union in their workplace.

Union workers interested in information about their rights and how to exercise them can visit [www.UAWOptOut.com](http://www.UAWOptOut.com).

Collective bargaining is almost exactly the same in right-to-work states as non-right-to-work states. Unions still bargain over wages, hours and working conditions. The only difference in collective bargaining is that in a right-to-work state a worker cannot be fired for refusing to financially support a union.

The website is dedicated to answering questions about Michigan's right-to-work law and providing information for UAW workers. Employees can learn about right-to-work, read testimonials from fellow employees, and fill out a form to send to their union to opt out of the UAW. ■



## INTERVIEW WITH A SUPPORTER



The Mackinac Center for Public Policy is funded solely by freedom loving individuals and organizations that find value in its conviction of free-market principles. For this issue of *IMPACT*, we hear from Jack Elder.

business, so although our kids have all moved away, we are committed to Michigan.

**MCPP:** How did you first hear about the Mackinac Center?

**Elder:** During college, I had been immersed in the idea that only a large and wonderful government could save the world. After graduating from college and entering the workforce, I became interested in free-market alternatives to what I had been taught. My family is full of entrepreneurs and small businesses, so these ideas were close to the surface. I started reading publications by free-market thinkers such as Bastiat, Rothbard, Walter Williams and Thomas Sowell. My friend Greg Kaza introduced me to Larry Reed and the Mackinac Center. It was very small at the time, and I was very busy raising a family and making a living, but I followed the center, agreeing enthusiastically with the mission.

**MCPP:** What value do you believe the Mackinac Center provides?

**Elder:** We live in a state where the large unions and government agencies dominate. I saw the difficulties of small business while growing up, and now experience them first hand. The quality of life provided for everyone by freedom and liberty is unsurpassed by any other system. If we don't have our freedom and liberty, especially religious freedom, we don't have anything as humans. The Mackinac Center provides a consistent and refreshing perspective countering the constant and stifling drone of the large government masses.

**MCPP:** What have been your key components to being successful?

**Elder:** My family and spiritual beliefs have played a big role. But serving our customers and employees, innovating, and staying out of excessive debt were also very important. ■

**MCPP:** Where are you from originally?

**Jack Elder:** I was born in Detroit and raised in Ferndale and Royal Oak.

**MCPP:** Tell us about your family.

**Elder:** My family has a long history in Detroit. My father was a lifelong entrepreneur, the owner of a number of Michigan manufacturing companies. His main business unionized in the 1960s, which caused him to move the main portion of the business to Indiana while still living in Michigan. Today, I own a number of Michigan businesses and I am an adjunct professor of product design at the College for Creative Studies in Detroit. We also have family operations in other states.

My wife Karen and I have six children: Three boys and three girls. We raised our family in Rochester using a combination

of private religious schools, home schooling and occasionally a year or two of public high school. As of this fall, we are empty-nesters and our youngest is away at high school in the Philadelphia area — the same high school that my wife and I graduated from.

**MCPP:** Why have you stayed in Michigan?

**Elder:** We love the Great Lakes, especially the northwestern Lower Peninsula. We spend as much time as possible in Leelanau County. My wife is Canadian, so we also spend time at a family cottage on the Canadian side of Lake Huron. I have traveled all over the world and lived in Europe, but can't imagine residing permanently anywhere but the Great Lakes.

Much of our extended family is still in the Rochester area, as is our manufacturing





Pictured: Marissa and Laryssa Anderson, alumna of Chandler Park Academy

SHARING POSITIVE STORIES OF

# *School Choice*

At Chandler Park Academy, a public K-12 charter school in the Detroit area, students regularly graduate with one or two years’ worth of college credit, along with significant college scholarships.

“We try to make sure that our students, if they have the heart and passion to take part in something, that finances don’t get in the way,” Evelyn Shropshire, the building administrator for Chandler Park High School, said. In fact, Chandler Park’s class of 2015 graduated with more than \$11 million in college scholarships.

Chandler Park is one of three outstanding public charter schools that the Mackinac Center will be featuring through online videos this fall. Over the past year, charter schools have been the subject of some intense media scrutiny and political criticism. But critics do not mention the fact that charter school students post greater academic gains than their conventional-school peers. They also ignore the tremendous impact charter schools have had in students’ lives.

In July, the Mackinac Center brought out a film crew to shoot interviews with students, parents, teachers and principals at Chandler Park and two other high-performing charter schools. In their own unique way, each of these schools provides students with an opportunity they would not have had in their conventional school district.

Star International Academy, one of the schools the Mackinac Center will be highlighting, serves a number of students from immigrant families. Nawal Hamadeh, the founder of the school, said, “I recognized that there are some students, their needs are not met. And it’s those parents who wanted to have a choice.”

Star International boasts a 100 percent graduation rate, and students often receive more college scholarships than students at other schools in the area.

These are Michigan charter schools that have changed students’ lives. Their stories are powerful. ■



## Mackinac Center Uncovers Billions of Taxpayer Dollars Going to “Economic Development” Without Disclosure

Taxpayers demand transparency in the use of public dollars. They require open budgeting, annual reporting, and basic access to the government’s books when requested. Indeed, an adequate accounting of the use of tax dollars is a basic requirement of good government. This is why the state’s failure to disclose billions in checks to companies for economic development purposes is distressing.

Michigan — as well as every other state in the union — attracts select business expansions to the state by offering incentives. These incentives can range from decreasing property taxes for the business and offering to improve basic municipal infrastructure to offering outright cash.

Michigan’s capstone program was to offer tax credits against a company’s state business taxes. These credits are based on the wages and benefits paid by the company, meaning that the company does not receive the credits until it creates the jobs it had pledged to create.

The key was that these credits were refundable, meaning that if a company’s credits exceeded its liabilities, then the credit was a gift of taxpayer money, going beyond a reduction in taxes due. These credits also go well into the future, depending on the terms of the agreement between the company and the state.

In the past, the Michigan Economic Development Corporation would set up these deals and disclose the estimated size of the credit. It was unknown, however, exactly how much of this

would be a gift from other taxpayers and how much was a reduction in a company’s tax liabilities.

However, when the companies cashed in on their credits, they decided sometime in 2009 that this was “confidential tax information” and now refuse to disclose the values.

This lack of disclosure is especially problematic because the state was responding to the recession by awarding huge multiyear credit deals to Ford, GM and Chrysler in an effort to retain jobs. The deals to each company were expected to cost upward of \$1 billion each.

A change in policy in 2011, however, highlighted just how costly this tax credit enterprise was going to be. The newly elected governor, Rick Snyder, and the Republican majorities in both houses voted to end the Michigan Business Tax and replace it with the Corporate Income Tax. As part of the change, the state allows any company that was offered one of those refundable tax credits the option to continue paying the Michigan Business Tax and continue cashing in the credits.

This meant that the Michigan Business Tax now exists only to administer the state’s incentive deals. For the current fiscal year, the state expects this tax to pay out \$751 million more than it takes in. The state uses its General Fund to pay for this, and the majority of that money comes from the state’s personal income tax. Thus the Michigan Business Tax is a tax in name only. It is, in fact, a massive redistribution of other people’s tax

money to companies favored with these deals.

Exactly who is getting these hundreds of millions of taxpayer dollars is not known; neither the state nor the companies disclose that information. Residents are not entitled to know how much money is going to what companies.

There are a reported \$9.45 billion in tax credits that may yet be cashed in, but this may not be the actual number since the credits are based on uncertain performance by companies and also because the deals are subject to amendment.

It is like your auto mechanic telling you that your service is going to cost money, but refusing to tell you what you are buying. When it comes to public money, this is a travesty of transparency and the Mackinac Center is doing something about it.

The most important work is to raise attention. Changing this policy requires a change in laws, and changing the laws requires urgency and pressure. Michigan Capitol Confidential has covered the issue a number of times this year and will continue to do so until this policy changes. And we have found both Republican and Democratic legislators that are outraged.

Laws change not just because they are good ideas. They change when they are good ideas that have force behind them. Outrage is one of those forces, and people should be upset about this failure of basic transparency. ■



## Mackinac Labor Director and Autoworker Keynote Event Regarding the Future of Unions

Young professionals, members of the media, and political and policy activists came together on June 15 to hear Director of Labor Policy F. Vincent Vernuccio and Union Conservatives President Terry Bowman talk about the future of unions, worker freedom and what is ahead for Michigan's labor organizations.

America's Future Foundation's southeast Michigan chapter hosted the event in Novi. AFF's mission is to "identify and develop young professional leaders interested in advancing liberty." The organization hosts events and networking opportunities across the country to discuss policy issues and how they can be resolved.

Bowman, a current UAW member at the Rawsonville Ford plant, shared his thoughts on the current labor movement and what is in store for contract talks between the Big 3 and the union this fall.

Vernuccio spoke about his two latest studies, "Unionization for the 21st Century: Solutions for the Ailing Labor Movement" and "Worker's Choice: Freeing Unions and Workers from Forced Representation."

Both Bowman and Vernuccio agreed that the future of the labor movement lies in moving away from compulsion and toward a professional service model. Voluntary unionism is the way forward, whether by unions' choice in the private sector as detailed in 21st Century Unionism, or by law for both the public and private sector, as detailed by Worker's Choice.

"From free-market policy wonks to assembly workers on the factory floor, we need a robust discussion about the future of the labor movement. The solution is to move away from compulsion of both workers and unions and embrace choice and competition," Vernuccio commented after the event. ■



## UNION'S HIDDEN SCHEME BACKFIRES

Mackinac Center's Exposé Results in More August Opt-out Media Coverage

In December 2012, when Michigan became the nation's 24th right-to-work state, the Michigan Education Association devised a plan to lock unwilling members in a union-dues cage. The strategy, laid out in a message sent by MEA President Steve Cook to "MEA local presidents, board members and staff," called for extending contracts so that the union could continue to force workers to pay or be fired. MEA officials also used its nonpublicized "August window" as a means to keep those who wanted to leave the union from doing so. Cook's memo said, "We will use any legal means at our disposal to collect the dues owed. ..." It also said, "... if they wish to resign their membership, they must do so in August — and only August." That was before the MEA realized teachers would be standing their ground and using the power of the Mackinac Center Legal Foundation to defend their rights. Both Ray Arthur and Miriam Chanski defeated the MEA when they were allowed to leave outside of the month of August. But the MEA held on to every other teacher who tried to leave outside of the so-called August window. Through litigation, the Mackinac Center convinced the Michigan Employment Relations Commission that the August window is illegal, since state law (right-to-work) supersedes a union policy.

When the MEA seemingly had run out of tricks, having lost through litigation that led to the "August window" being ruled illegal, it had another scheme in the works.

Education workers represented by the MEA began opting out of the union in August, sending their resignation letters to MEA headquarters as thousands have done the last two years. Then, however, workers began receiving letters back from the MEA saying they had not resigned properly. The letters said a new post office box had been set up for resignations, one that the educators had not seen before. Buried at the very bottom of the MEA's "members only" Web page is a brief statement saying that starting June 3, 2015, those who want to resign from the MEA must do so

by sending their resignations to P.O. Box 51, East Lansing, MI 48826.

Teachers contacted the Mackinac Center concerned about whether they would be able to opt out of the union. Mackinac Center Vice President for Legal Affairs Patrick Wright recommended that those

teachers who have made the decision to leave should send a second letter to the new P.O. Box just to be safe.

Upon hearing what the MEA had done, state and national media outlets began paying attention to the great lengths the MEA would go to lock workers into paying the union. Frank Beckmann featured Patrick Wright on his radio show days after the tactic was discovered. The Washington Examiner also wrote about the address switcheroo, along with The Detroit News and the Vic McCarty radio program.

The Mackinac Center received many "thank-you" messages from teachers who have received information they could use as they seek to make an informed decision regarding resignation.

One said: "Well, a huge thank you to you and your team for giving me the confidence to go through with this! I received a postcard in the mail two weeks ago regarding the website. My husband and I had already talked about me opting out, but the website was very empowering. I feel somewhat alone in this venture within my district, but it is good to know that I am not alone within the state and that many others share in my frustration. The letter template was extremely helpful and made me feel confident going through the process. For all of your stress, keep up the good work and fighting for helping teachers!"

Another said of his letter to the MEA, "They also told me they forwarded it to the correct department but it would still not be accepted until I resent it. I told them that only confirms my decision to leave their organization. I received the certified mail receipt today and am waiting for their next response." ■

Dan Armstrong is director of marketing and communications at the Mackinac Center.

DAN  
ARMSTRONG

# VOTERS IN 2016 MAY FACE EIGHT BALLOT PROPOSALS

Though the November 2016 election is 14 months away, the Board of State Canvassers has already approved petition wording for eight potential ballot proposals. The approval is only a preliminary step, but voters could face a crowded ballot in the general election. Here is a glance at the proposals:

1

## Prevailing wage repeal

A well-funded group called Protecting Michigan Taxpayers is collecting signatures for voter-initiated legislation that would repeal the state's 50-year-old prevailing wage law, which prohibits governments and schools from awarding construction contracts to the lowest bidder unless the contractor pays wages based on regional union pay scales. It is estimated the prevailing wage law costs Michigan taxpayers \$224 million annually.

If the pro-repeal group collects the required number of signatures (at least 252,523) the proposal will be presented to the Legislature. If the Legislature then approves it, the measure becomes law with no approval required from the governor. If the Legislature fails to pass the measure, it goes to the voters in the form of a November 2016 ballot issue.

The Legislature could enact its own repeal without the signature campaign, but it is not clear whether Gov. Rick Snyder would sign it.

Meanwhile, a group called Protect Michigan Jobs says it might work to place a proposal on the ballot to preserve or reinstate the prevailing wage, depending on what happens with the repeal effort.

2

## Corporate income tax increase

The union-backed group Citizens for Fair Taxes is seeking a voter-initiated law it calls the Corporate Fair Share of Taxes Act, which would increase the state's corporate income tax rate from 6 percent to 11 percent. The additional \$900 million it is estimated this would extract from business enterprises would be earmarked to road repairs and maintenance.

The only unions currently pushing the proposal are the Michigan Labor District Council, the Operating Engineers and the Michigan Regional Council of Carpenters and Millwrights. Other unions may give their support.

Business groups argue that this proposal would be disastrous for the economy. The Coalition Against Higher Taxes and Special Interest Deals, which spearheaded opposition to the 2012 ballot proposal that would have enshrined collective bargaining in the Michigan Constitution, is preparing to lead the fight against this proposal if it gets on the ballot.

JACK SPENCER

## Sick time mandate

3

The group Raise Michigan is promoting an earned sick time act, which would mandate a paid leave policy that all employers would have to adopt unless they chose to provide even more generous benefits. Raise Michigan was behind last year's campaign to raise the state's minimum wage.

So far this proposal has shown no signs of having sponsors with deep pockets, but it could end up drawing large amounts of funding from Washington, D.C. interests.

## Fracking ban

4

Fracking, which is short for hydraulic fracturing, is a process for extracting oil and natural gas by injecting water, sand and chemicals at high pressure into shale rock below the earth's surface. The Committee to Ban Fracking in Michigan insists that its measure would only affect fracking that involves horizontal wellbores. That type of fracking, however, is one of the techniques that has led to the natural gas revolution. The same group failed in a previous ballot campaign. So far it has attracted relatively little financial support, but the reaction of those opposing the proposal indicates they are taking it very seriously.

## Marijuana legalization with state control

5

The Michigan Cannabis Coalition has a relatively well-financed proposal to promote a Michigan Cannabis Control and Revenue Act, which would legalize the recreational use and cultivation of marijuana by individuals 21 years of age and older. The proposal would also make the sale of marijuana taxable and create a new state authority, the Michigan Cannabis Control Board.

6

## Marijuana legalization with local control

The Michigan Comprehensive Cannabis Law Reform Committee is fielding a different proposal, called MILegalize. It, too, would legalize the recreational use and cultivation of marijuana by people 21 years of age and older. But local governments, rather than the state, would be given regulatory authority. The proposal specifies that marijuana sales would be subject to a 10-percent excise tax and earmarks how those revenues would be allocated.

## Medical service price controls

7

The Stop Overcharging initiative would create a Fair Medical Prices for Consumers Act, which would impose a limit on how much health care providers could charge consumers. Specifically, a doctor's office or hospital would be prohibited from charging a person more than 1.5 times the amount it accepts from another health care payer for



the same service. The impetus for this proposal comes primarily from health care providers charging higher prices for goods and services provided to patients under Michigan's unique auto insurance system, which requires motorists carry insurance that includes unlimited personal injury protection benefits (PIP).

This petition drive is on hold, pending possible passage of Senate Bill 248, which would place some limitations on those unlimited benefits. The bill passed the Senate but is stalled in the House.

8

### Mail-only voting

The Let's Vote Michigan constitutional amendment would change election law so that all elections would be conducted by mail. Voters could also deliver their ballots in person. As a proposal to amend the Michigan Constitution, it requires more valid signatures than the other proposals listed here before it goes to the voters (10 percent of the number cast for governor in the last gubernatorial election, or 315,654). It does not seem to have much financial backing and appears to be the cause of two progressive activists.

### A long way to go

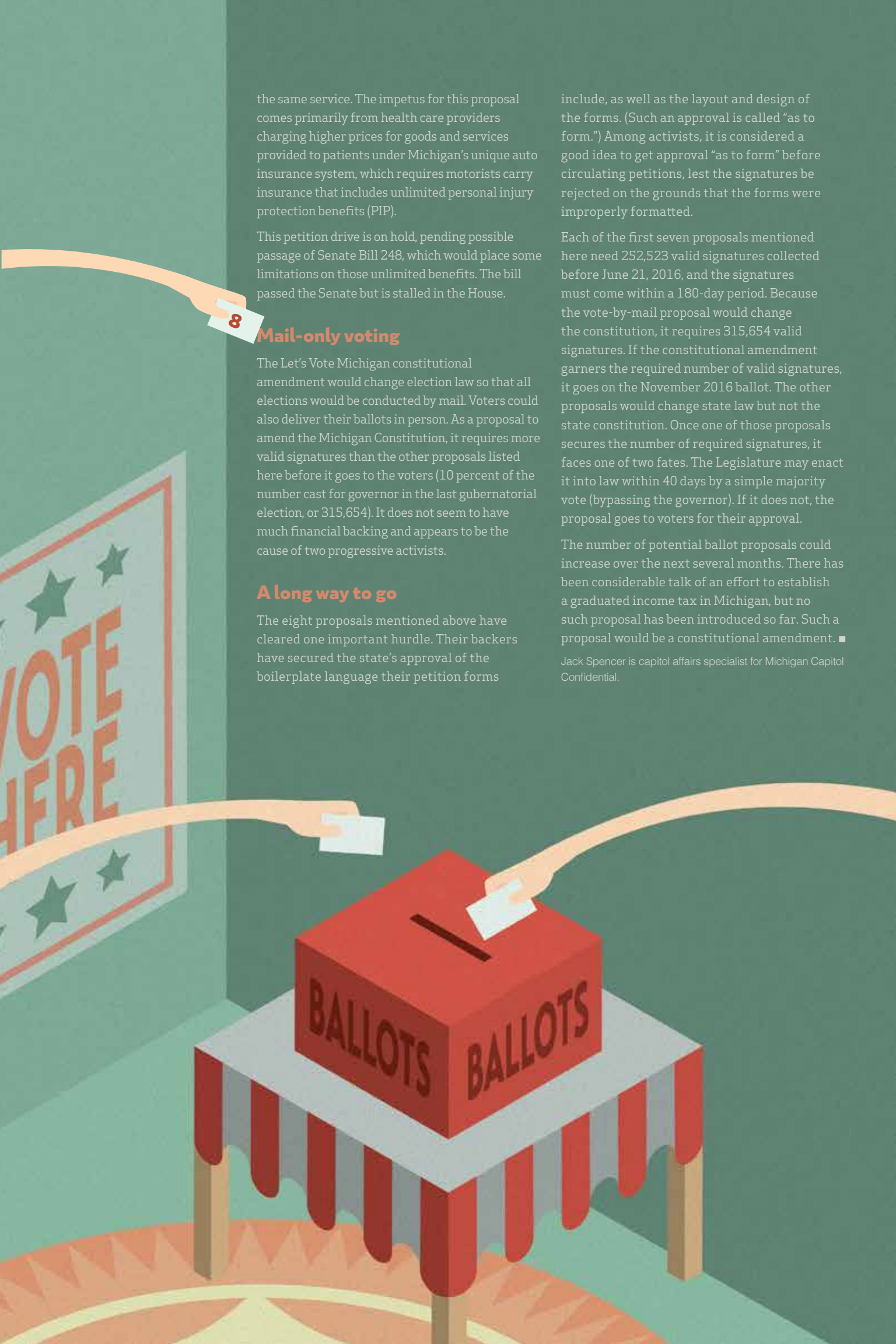
The eight proposals mentioned above have cleared one important hurdle. Their backers have secured the state's approval of the boilerplate language their petition forms

include, as well as the layout and design of the forms. (Such an approval is called "as to form.") Among activists, it is considered a good idea to get approval "as to form" before circulating petitions, lest the signatures be rejected on the grounds that the forms were improperly formatted.

Each of the first seven proposals mentioned here need 252,523 valid signatures collected before June 21, 2016, and the signatures must come within a 180-day period. Because the vote-by-mail proposal would change the constitution, it requires 315,654 valid signatures. If the constitutional amendment garners the required number of valid signatures, it goes on the November 2016 ballot. The other proposals would change state law but not the state constitution. Once one of those proposals secures the number of required signatures, it faces one of two fates. The Legislature may enact it into law within 40 days by a simple majority vote (bypassing the governor). If it does not, the proposal goes to voters for their approval.

The number of potential ballot proposals could increase over the next several months. There has been considerable talk of an effort to establish a graduated income tax in Michigan, but no such proposal has been introduced so far. Such a proposal would be a constitutional amendment. ■

Jack Spencer is capitol affairs specialist for Michigan Capitol Confidential.





## Congressman Joins Mackinac Center Analyst to Confront Civil Asset Forfeiture

On July 29, policy analyst Jarrett Skorup took part in a Google Hangout — an online video chat — with U.S. Rep. Tim Walberg and Jenna Moll of the Coalition for Public Safety to discuss the issue of civil forfeiture.

The discussion was sponsored by Generation Opportunity, a national network of young people promoting economic opportunity.

Forfeiture is a practice by which law enforcement transfers assets — cash, vehicles, homes, etc. — from private citizens to the government. Criminal forfeiture occurs after the conviction of a person and is widely accepted as legitimate.

Civil forfeiture occurs outside of the criminal justice system and does not require a conviction of a crime. This has led to instances of abuse in Michigan, which reform advocates say has some of the worst forfeiture laws in the United States. The Mackinac Center believes property should only be transferred from citizens to the government after a criminal conviction is secured.

During the broadcast, Skorup spoke about some incidents that have taken place in the state. One infamous example involved police seizing the vehicles of dozens of people attending an event at an art institute in Detroit. The people were not convicted of a crime, but had to pay more than \$1,000 each in order to get their cars back. Another instance involved law enforcement seizing the vehicle of a Red Cross worker who was giving a ride home to a co-worker. Police said the co-worker was “making eye contact” with motorists and alleged that she was involved with prostitution. The charges were dropped but law enforcement had seized the vehicle and the owner had to pay \$1,800 to get it back.

Skorup noted that the Michigan House is considering some good bills that

would establish a higher standard of evidence and improve transparency.

At the federal level, Walberg, a Republican from Tipton, has introduced the Civil Asset Forfeiture Reform Act. Its bipartisan group of supporters includes Rep. Keith Ellison, a Democrat from Minnesota, and Sen. Rand Paul, a Republican from Kentucky. The proposed law would require a higher burden of proof before property can be forfeited away from the property owner and to the government.

Walberg said he is particularly concerned about the federal equitable sharing program.

“[The legislation] does away with equitable sharing which allows the feds and the locals to share the resources, which in many cases has encouraged, from both sides, the ability to look for sources that they can gain resources from by equitable sharing and civil asset forfeiture,” Walberg said.

The congressman said law enforcement should be funded through elected bodies to avoid the harmful incentives encouraged by current laws governing civil forfeiture.

Moll talked about the Coalition for Public Safety, which is a left-right alliance featuring the ACLU, FreedomWorks, Koch Industries, the Ford Foundation, and many other groups across the spectrum. Moll works with the group “Fix Forfeiture,” which is a national group getting involved in select states, including Michigan.

Moll talked about reforms passing in New Mexico, Montana and a few other states recently.

To watch the video and learn more about civil forfeiture in Michigan, visit [Mackinac.org/Forfeiture](http://Mackinac.org/Forfeiture). ■

## Michigan House Takes Action After Mackinac Center Civil Asset Forfeiture Event

A month after the Mackinac Center held an event on civil asset forfeiture, the Michigan House passed a package of bills that would reform the state’s civil asset forfeiture laws. Currently, law enforcement officials are able to seize private property from residents and transfer it to government agencies even if no one is convicted of a crime.

The bill package deals with mandating reporting requirements for law enforcement agencies and raising the standard of proof that must be met before property can be forfeited.

The state only has a rough idea how much property is forfeited each year to local law enforcement units and the bills would require more reporting and greater detail.

House bills 4500, 4503, 4504, 4506, and 4507 dealt with transparency and were all passed with at least 107 votes out of 110.

Two other bills in the package would raise the standard of proof needed to justify seizing private property.

House Bill 4505 and House Bill 4499 passed with more than 103 votes. Currently, law enforcement must demonstrate that a “preponderance of the evidence” (51 percent) shows the property to be the tool or fruit of a crime. These bills would raise that to a “clear and convincing” standard, which is still not as high as the “beyond a reasonable doubt” standard required for criminal convictions.

These bills are a great start, but the Legislature should ultimately require a criminal conviction before property can be given over to the state. North Carolina has long outlawed civil asset forfeiture, and New Mexico recently voted to prohibit it in April of 2015 (requiring both people and property to be tried in the criminal justice system together). ■

Editor’s Note: A version of this article first appeared on the Mackinac Center blog.





## Mackinac Scholar Convinces Crowd of Free Market Benefits for Friedman Legacy Day

On July 31, the Mackinac Center partnered with Northwood University for our annual celebration marking the life and work of the late economist Milton Friedman, held on his birthday. Dr. Jason Taylor, the Jerry and Felicia Campbell professor of economics at Central Michigan University and a member of the Mackinac Center's Board of Scholars delivered the keynote address.

Taylor's talk focused on Federal Reserve policy and the various ways that governments can respond to economic downturns. Using the amusing analogy of a race between two horses, Keynesbiscuit and Marketariat, Taylor illustrated the differences in speed and effectiveness between government intervention and the market.

When a recession begins, according to Taylor, the market begins to correct for imbalances almost immediately. The government and regulators must wait six months, at a minimum, before they can even confirm that a recession has taken place and then take their own steps to correct it.

The Federal Reserve may take quick and decisive action, manipulating interest rates and the money supply, but other branches of government may feel compelled to intervene as well. It can take months for a legislature to agree on a recovery package, sometimes pouring billions of dollars into an economy already rebalanced by market forces.

For his part, Friedman advocated a very limited approach to government manipulation of the economy, suggesting that the Federal Reserve act cautiously and that other branches of government allow the market to do what it does best.

Unfortunately, Friedman's advice is not always followed, but when it is, the evidence is compelling: Market downturns throughout history have been gentler and quicker when governments take a hands-off approach to correcting them.

The Mackinac Center hosts public events on a variety of topics throughout Michigan. To learn more about Friedman Legacy Day and other events, visit [Mackinac.org/Events](http://Mackinac.org/Events). ■

## How I Grew to Appreciate Entrepreneurs: I Met Some

Oxford, Michigan, was a small farming community when I lived there during my childhood. After a Burger King arrived and we got our second stoplight, I thought we had hit the big time.

JIM WALKER

My stay-at-home mom and schoolteacher dad had seven children; I was the third oldest. Our family had an abundance of love, and enough money to not be poor. But our finances were limited, and that created some stress. My dad scrounged for wood to heat the home, and drove used cars that were always in need of repair from the abuse they received on our dirt road. We bought bread from a bulk clearinghouse. The bread was past its expiration date, but it cost only 10 cents a loaf.

I developed some negative opinions about affluent people, especially people who were successful in business. My modest circumstances played a role, certainly. The fact that the entertainment industry presented business owners as out-of-touch with less well-off people was a factor, too. It was easy to assimilate the message that they did not care about families like mine. The message was reinforced through the school's curriculum. Ironically, I had two uncles who owned businesses and they didn't fit that stereotype. Despite what I saw in them, however, my perspective remained skewed.

One event that started to change my opinion was the chance, during my freshman year at Oxford High School, to meet the Giannetti brothers, who were part of a successful construction business. Rather than being self-centered and aloof, as I imagined they would be, the Giannettis had a down-to-earth nature. Their many acts of remarkable kindness surprised and impressed me. They were (and are) exceptionally generous, and not just with their finances. They brought destitute people into their homes and treated them like family. They shared their goods with many and were open to all.

Over time, I observed these same virtuous qualities in other

entrepreneurs. I met many business owners who cared deeply about others, especially their employees. I asked them, "Why did you go into business?" None of them told me, "I figured this would be the best way to make a lot of money." Instead, they spoke of serving people, and in some small way, making the world better. Acting on that desire led them to a life of sacrifice, risk and uncertainty.

My attitude toward entrepreneurs changed from one of prejudiced skepticism to deep admiration. I learned that, contrary to the message transmitted by the media, to be successful you must be others-focused, not self-focused.

When entrepreneurs innovate and respond to society's needs, they create goods and services, such as our smartphones, single-serve coffee machines, or ride-sharing companies, which make life more convenient. In doing so, they create new jobs and wealth, not just for themselves, but also for others.

Increasingly, though, they find that governments at all levels place obstacles in their way.

We — business owners, employees, consumers and families — must win back the foundational freedoms that allowed entrepreneurs and other hardworking Americans to create the greatest and wealthiest nation in the history of the world. I'm proud to be a new member of the Mackinac Center team, addressing the barriers to entrepreneurship erected by popular culture and the political society. You and I are creating an environment in which entrepreneurs can meet the needs of their fellow citizens. Our success will come through changing the hearts and minds of people not inclined to look favorably on business creators. And if a rural kid predisposed to critical attitudes about entrepreneurs can change his view from disdain to appreciation, anyone who can find compelling stories of the fruits of freedom can do the same. ■

Jim Walker is vice president for advancement at the Mackinac Center.

# Timeline Shows Big Labor's Bark is Worse than Its Bite

Check out our interactive Labor Timeline at [Mackinac.org/LaborReform](http://Mackinac.org/LaborReform)

In the first election in Michigan after the passage of right-to-work, not a single legislator who voted for worker freedom lost in the general election.

A new interactive timeline, "Labor Reform in the States," shows Michigan's experience is common to the other states that recently passed reforms.

The timeline examines labor reforms enacted from 2011 to 2014 and the subsequent elections, all of which took place in Midwestern states long considered union strongholds.

Despite massive protests and threats from unions and the politicians they support, brave elected officials who backed reforms won re-election, almost universally.

In the election after Indiana passed right-to-work, Republicans picked up nine seats

in the Senate and did not lose any in the House. Mike Pence, a Republican, replaced term-limited Gov. Mitch Daniels, a fellow Republican who signed worker freedom into law.

Wisconsin saw perhaps the largest protests against government union reforms when Gov. Scott Walker signed Act 10 in 2011, which strongly curtailed government union privileges. State and national unions attempted to undo the reforms and unseat Walker, but they failed miserably.

From 2012 to 2014, Walker won a recall and general election and Republicans kept majorities in the Wisconsin Legislature. In several smaller elections that were considered referendums on the reforms, voters refused to send politicians to Madison to undo Act 10.

In Ohio, the same electorate that repealed Gov. John Kasich's Senate Bill 5 — another measure that would have curtailed government union privileges — re-elected him and kept Republican majorities in the House and Senate.

The reformers' victories cannot be dismissed as the result of Republicans getting lucky in a few wave elections. For at the same time voters were siding with reformers and electing state Republicans who backed reforms, they were also sending Democrats to Washington and supporting President Obama.

The lesson from the victories of elected officials who took on big labor over the last few years is clear: Voters will side with those who support pro-worker and pro-taxpayer policies. ■

## WINNING OPINION

Michigan Supreme Court Uses Mackinac Argument to Keep 35,000 Workers Free

The Mackinac Center Legal Foundation officially opened in 2009 with the home day care unionization case. Before that, the Mackinac Center's participation in legal matters — when not being sued by the Michigan Education Association (and ultimately winning) — was through amicus curiae briefs. Amicus curiae translates to "friend of the court" and allows a person or organization that is not a direct party to a lawsuit but has a strong interest in the subject matter to assist the court through providing legal arguments. In *UAW v. Green*, the Michigan Supreme Court adopted an argument that only we had made. As a result, over 35,000 state employees were freed from having to pay agency fees to mandatory public sector unions.

The Mackinac Center's amicus work both before and after the creation of the legal foundation has had a significant impact of both federal and state jurisprudence. Over the last decade, the Mackinac Center has filed around 20 amicus briefs at the United States Supreme Court, other federal courts, the Michigan Supreme Court and other Michigan courts and tribunals. Oftentimes, it is difficult to directly assess the impact amicus briefs have on a case, since one of the parties to the case may make a similar argument, as may other outside groups in

their amicus briefs. In addition, it is fairly rare for the courts to directly reference amicus submissions. But even where there is no direct reference, a discerning observer can trace the court's resolution to one or another amicus brief.

*UAW v. Green* is the second time a major Michigan Supreme Court ruling is directly traceable to Mackinac Center submissions. The first time was in 2008's *In re Complaint of Rovas*. In that case, the court accepted the Mackinac Center's request to deny agencies deference over their interpretations of ambiguous statutes. This separation-of-powers holding made it clear that legislators, not unelected bureaucrats, would have the primary responsibility for resolving policy disputes. Further, it made it possible for Michigan's citizens to hold legislators responsible through the ballot box. Thus, Michigan's bureaucrats have considerably less power and discretion than their federal counterparts.

The *UAW v. Green* case concerned the state employees unions' attempt to thwart right-to-work. Essentially, these unions argued that the Michigan Civil Service Commission permitted agency fees and as a constitutional body it could not be overcome by a state statute, namely, 2012's right-to-work law. There exists a confusing line

of cases exploring when the Civil Service Commission's "plenary authority" over terms and conditions of state employment can be overcome by generally applicable statutes passed by the Legislature on matters that touch on employment — say for example, the Elliot Larsen Civil Rights Act.

Rather than focus on that difficult line-drawing question, the Mackinac Center Legal Foundation made two arguments: (1) that the Civil Service Commission lacked the power to allow mandatory public sector bargaining; and (2) that it lacked the power to allow "agency fees," since in the instance of state employees, such fees are more akin to a tax on state employees or an illegal appropriation to the unions. The foundation was the only party to make the second argument, and it is that argument that the Michigan Supreme Court, by a 4-3 decision, relied upon. Based on the foundation's argument, the court recognized that for decades, agency fees have been improperly taken from state employees (whether those fees can be recouped is being examined by the Mackinac Center and others). The 35,000-plus state employees in mandatory bargaining units thus are no longer compelled to support public sector unions. This makes the foundation not just a friend of the court, but of freedom as well. ■





## Helping More by Doing Less

I don't think I'm much different from most people. When I get a good deal on a product or service, I usually brag about it.

I still talk about the 20 postcards I purchased in the Czech Republic in 1997 for 6 cents. A sports card store owner once sold me a Joe Montana career set for \$5, including tax.

My favorite pizza chain sells pies half-price on Mondays. That's when I buy. When I bought a \$25 gift card, I received a free pizza. Then, I get points for future purchases online as well as credits for a free pizza via a punch card.

When I fill up with fuel, I look for the gas station that offers points for freebies. Many of my restaurant gift cards came from credit card rewards programs.

All of our family meals are eaten on the table we purchased from our local Habitat for Humanity for \$25. We bought it on a half-off sale. All of the in-line skates that my three daughters own cost me less than \$15. Our after-Thanksgiving shopping splurge was a 50-inch television. We paid \$218.

In 2001, two Michigan gas stations near my home engaged in a price war. One of the stores lowered its per-gallon price to 89 cents. I held on to that \$16 fill-up receipt for years.

In all of these exchanges, two parties voluntarily agreed on the exchange. No one forced either party to act a certain way. That's the civil society at work, and it demonstrates the difference between freedom and force. Civil society is the opposite of political society. Mackinac Center

Fiscal Policy Director Michael LaFaive explains the difference by saying, "A political society is a coercive one that requires countless mandates and regulations and rules to function while a civil society relies on peaceful, voluntary association in a free market economy."

While the intentions of most policies are noble, their consequences are often more harmful than beneficial. Consider the prevailing wage requirement. The intention is to increase the cost of work so that the people involved can make more money. But it artificially increases the cost of taxpayer-funded construction projects and prevents government from getting a better deal through competition. Tax dollars would purchase more goods and services for everyone in the state if Michigan's prevailing wage were repealed.

Policy Analyst Jarrett Skorup has written about price controls on cherries, to pick another example, and how the government keeps prices high by reducing how many cherries are available. Cherries are left to rot or are destroyed, all to control how many cherries are placed up for sale, and thus drive the price up.

This policy hurts all consumers, but it hits lower-income residents the most. A surplus of supply would normally drive the price down so that a struggling family could afford more food, but government control keeps the farmer and the buyer from making an exchange that would be mutually beneficial. Sometimes, the best thing that government can do to help the most people, especially the most vulnerable among us, is to do nothing. ■

### BY THE NUMBERS

**49,317**

—  
Employees of the state of Michigan covered by civil service.

**70.8 percent**

—  
Proportion of state of Michigan employees who are unionized.

**14,662**

—  
State of Michigan public employees represented by the UAW.

**6,232**

—  
State of Michigan employees represented by the Michigan Corrections Organization, the state's second-largest public union.

**51.5 percent**

—  
Proportion of employees who have worked at the state for more than 10 years.

# Thank you!

## State Policy Network 23rd Annual Meeting

In Partnership with the Mackinac Center for Public Policy  
Grand Rapids, Mich.

With your help, the 2015 SPN Annual Meeting  
boasted the highest number of attendees than any  
annual meeting before. Photos and highlights will be  
available in the Nov./Dec. issue of IMPACT.

