

# IMPACT

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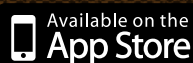
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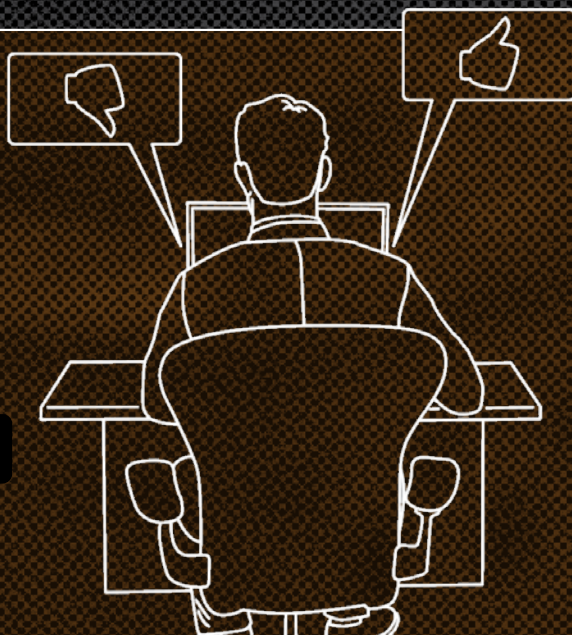
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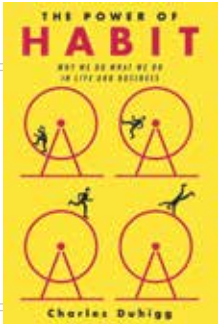
WHAT FOLKS ARE SAYING  
ABOUT THE MACKINAC CENTER

**“This, I believe, is the first time I've ever agreed with the Mackinac Center.”**

— Detroit Mayor Mike Duggan, discussing professional licensure reform efforts at a Detroit Regional Chamber event.

 **CHANTAL LOVELL RECOMMENDS** “THE POWER OF HABIT: WHY WE DO WHAT WE DO IN LIFE AND BUSINESS” BY CHARLES DUHIGG

What if you could finally free yourself of those bad habits you've tried to kick year after year? How much more value could your company create if you were able to instill habits throughout the workplace that lead to higher productivity and improved satisfaction among employees? Truly shedding bad habits isn't easy, but Charles Duhigg's book “The Power of Habit” simplifies and explains the science behind patterns. Using examples from highly profitable companies, winning sports teams and high-impact leaders, Duhigg lays out a framework to identify the motivators that cause us to do what we do. In doing so, he offers tools to finally replace bad habits with good ones.





## Postelection: Moving Forward With What Brought Us Here

Every election provides a moment to reset and evaluate assumptions, values and priorities. The 2016 presidential election is no different. The pundits — the very ones who were so utterly wrong with their predictions — have rushed to explain what it all means.

The important thing is for everyone to learn the correct lessons. At the Mackinac Center, we've decided this is not a moment for self-indulgent emotions. Some Americans feel elation, some feel despair, and some simply feel relief. Leaders must have grace, courage and good cheer, and those qualities are needed now. We will continue dedicating ourselves to careful and open-minded dialogue with both those who agree with us and those who are more skeptical.

We reject the simplistic and inaccurate narrative now offered by the media — that this election was simply about anger or fear. I see a deeper theme: a revolt against the idea that we can only live and think in manners that are approved by political leaders or institutions. That's wrong. The government must serve the people, not the other way around. As one state constitution says: "All political power is inherent in the people, and governments derive their just powers from the consent of the governed, and are established to protect and maintain individual rights."

A presidential election does little to change the Mackinac Center. We stand for free markets, liberty and restraints on governmental power. Whether the president was Ronald Reagan in our first years, or Barack Obama or Donald Trump today, our role is to research and explain the ideal path for addressing the public policy challenges of the day.

Here in Michigan, lawmakers are wrapping up the 2016 legislative session. The most significant opportunity for them is to address the unfunded legacy costs in the public pension system. We are \$26 billion in the hole for school employees, and that doesn't include retiree health care costs. This can be a legacy issue for Gov. Snyder.

Looking to next year, we will continue to advocate for labor reforms that give employees choices about union membership. Building on the enactment of the right-to-work law in Michigan, we shared our expertise in Wisconsin and West Virginia as those states adopted worker freedom laws. We expect similar opportunities in Missouri and Kentucky in 2017. The U.S. Supreme Court will take up another case like the Rebecca Friedrichs case, which would extend First Amendment protections in employment to public employees nationwide.

Michigan could become even more attractive to new people and businesses by eliminating the personal income tax. And we are pursuing ideas that would help the most disadvantaged: choices in education, criminal justice reform and occupational licensing reform.

So here we are. The task is before us. In 1776, George Mason wrote: "No free government, nor the blessings of liberty can be preserved to any people, but by a firm adherence to justice, moderation, temperance, frugality, and virtue; by frequent recurrence to fundamental principles." The Mackinac Center will continue remind our leaders and fellow citizens of those fundamental principles. ■

**MICHAEL J. REITZ**

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140 West Main Street, P.O. Box 568  
Midland, Michigan 48640  
989-631-0900, Fax 989-631-0964  
www.mackinac.org mcpp@mackinac.org

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GENEVA RUPPERT Editor

ILIA ANDERSON Designer





# The Decline and Possible Return of Corporate Welfare in Michigan

Lawmakers care about creating jobs. They boast about their leadership when things go well, and it is a shameful mark for them when things do not. But given that there is no button they can press to instantly create jobs, they have to decide between a couple of approaches. One is to give incentives or subsidies to selected businesses. Another is to improve the business climate.

**JAMES  
HOHMAN**

While selecting favored businesses is expensive and ineffective, improving the business climate is effective and indirect. Michigan went all-in on special subsidies for most of the 2000s. Now it is on a better track by doing less of the direct subsidies and more business climate improvements.

In the 2000s, Michigan faced a period of stagnation wedged between two recessions. The job losses were steep and spanned the economic sectors. Lawmakers responded to these deep challenges with targeted programs that awarded certain businesses billions of taxpayer dollars. A number of programs were created and a variety of companies were given special deals: battery firms, venture capital, alternative energy, “anchor companies,” film producers, high-tech firms, rural companies and others. Support was bipartisan and political opposition was rare.

The programs were expensive; the state awarded roughly \$9 billion of incentives — the equivalent of \$2,300 for each Michigan household. The costs tended to be deferred, which allowed lawmakers to claim credit for the awards while leaving others to deal with the bill later.

Hunting for businesses to subsidize with taxpayer dollars is unfair, but it also doesn’t work. The economy moves too quickly — and without political permission. Lawmakers try to select winners that promise dozens, sometimes hundreds of jobs. Meanwhile, the rest of the economy is gaining and losing hundreds of thousands of jobs.

For example, in the first three months of 2016, according to the Bureau of Labor Statistics, Michigan private sector businesses added 196,117 jobs and eliminated 179,106. That equates to adding about one job for every 18 in the state and losing one out of every 20. A similar amount of “job churn” happens each quarter.

It was encouraging when Gov. Rick Snyder took office and his 2011 tax reform phased out most of the programs. Under his plan, the state would continue to honor any deal that it had made, but it would no longer offer new ones. The state did, however, replace some of the programs with smaller versions that required annual appropriations.

Lawmakers decided to go even further than the governor. Michigan’s film subsidies were the most lavish in the country, having spent roughly \$500 million and creating no sustainable film industry in Michigan. Lawmakers eliminated this program on mostly partisan grounds, with the bulk of state Republicans voting to end this giveaway.

Michigan continued to add jobs without handing out these gifts. Since 2012, Michigan’s workforce increased by

326,700 jobs, an 8.2 percent gain that is the highest in the region.

There is plenty left to cut when it comes to selective favors. Michigan created the 21st Century Jobs Fund and its programs in 2005, which have failed to live up to expectations. The state refuses to abide by its transparency requirements and release information about who is getting state grants and how many jobs came of them.

There is always a danger that lawmakers will backslide into crony capitalism. A number of bills, for example, have been introduced to ramp up and create new business subsidies. One new package of bills has been pushed by real estate developers, who assuredly have in mind projects that would qualify.

During the 2000s, proposals like this were certain to be approved. But things have changed. The elimination of some of the state’s economic development programs showed that the public’s attitude has changed.

We’ve worked hard for over 20 years arguing that Lansing lawmakers will not improve the economy by picking winners and losers in the marketplace. We’ve shown people a number of its failures, performed multiple economic analyses and told stories about how the practice is unfair. The newfound skepticism has moved the needle on this issue, but the latest proposals remind us that the battle is not over yet. ■

James Hohman is assistant director of labor policy at the Mackinac Center.



# СВОБОДНЫЕ РЫНКИ

An interview with  
Konstantin Zhukov





Konstantin Zhukov's time in America is a lesson in the value of perspective and the power of ideas.

The young Russian was like most of his friends in his hometown of Izhevsk in not paying attention to public policy topics. "Not many people in Russia today really care about those things at all," he said. "We believe we can't influence it, so why should we bother learning about politics or economics?"

Kostya, as he's known to his friends, first began to think about the implications of Russian and American economic models on his second day in the United States. That's when he experienced the options available to American consumers firsthand: "I went to Walmart."

"There was so much choice, and it was so cheap. There were three or four varieties just of Mountain Dew," he said. "Over my first year here and traveling around America, I began to realize how much better life is here. Even people of lower incomes have better lives."

He came to America because of an athletic scholarship to attend Northwood University near the Mackinac Center in Midland, Michigan.

He began to start thinking more deeply about politics and policy when he watched the war in eastern Ukraine begin to unfold in 2014. The information and points of view he was exposed to here were so different from what his friends and family home in Izhevsk were



Konstantin Zhukov, a student volunteer at the Mackinac Center, came to liberty and free markets after growing up in Russia without them.

hearing from their government that he began looking for answers. The tipping point came when his Northwood professor Anna Ebeling recommended books by some writers he'd never really heard of. Henry Hazlitt. F.A. Hayek. And Konstantin's favorite, Frédéric Bastiat.

"I fell in love when I read Bastiat's 'The Law,'" he said. "You just can't disagree with him."

Striking out on his own, Konstantin discovered more writers who spoke to his experiences, such as George Orwell, Aldous Huxley and Ayn Rand.

Konstantin was stunned by the power of what he'd read, as well as the realization of how "ignorant people are in Russia about these things."

With his eyes opening to alternative worldviews, he began thinking more about economics. His professor had more suggestions.

In a short period of time, the young man who'd come to the United States to play tennis (winning a pair of conference championships with Northwood in the process) and didn't care about policy changed his major to economics and began looking for more ways to get involved. He co-founded an economics club at Northwood, but he wanted even more. That's when he reached out to the Mackinac Center and asked if he could volunteer in the office one day a week to have the opportunity to support the ideas he had come to love. Since then, he's been assisting the marketing and communications team as well as policy analysts with research projects.

Konstantin will graduate from Northwood in December and in January will head to Troy University in Alabama to pursue a master's degree in economics. While he still loves Russia, he hopes to stay in the United States after graduation. The prospects for a free-market economist are limited in Russia, where think tanks are constrained by the government and advocacy is a risky business. While both his parents support his decision to live outside Russia, their opinions are divided on his political awakening. His mother, he said, shares many of his views. But his father, a former enlisted man in the Soviet Red Army, has fonder memories of what he believes was a more egalitarian Soviet Union.

Regardless, Konstantin will continue learning more about his newfound love: "Свободные рынки," he says. "Free markets." ■





# PEOPLE ARE NOT COMPETITIVE

Did the title of this article catch your attention? This phrase surprised me when Bill Cooper, a freedom advocate in the Muskegon area, proclaimed it as truth when I had the opportunity to visit with him in summer 2016.

It was exceptionally stunning because Bill competes every day and exudes the spirit of one who loves to win. He said it again when describing the challenges business owners encounter as they try to stay on top of their game. They know that someone else is ready to eat into their market share, and competition forces them to be disciplined, prepared and constantly improving.

Bill's insight made me think about the options available to anyone facing stiff competition. I see three. The first is to put in the effort and preparation to improve daily, be the best and win fairly. That is the true competitive spirit. The second is cut corners and cheat. The last is to accept defeat.

Sports provide vivid examples here: Bobby Knight, the legendary (or infamous) college basketball coach, echoed Bill's observation about our aversion to the discipline necessary to compete fairly. He said of athletes, "Many people have the will to win, but very few have the will to prepare." In college

athletics, being averse to the preparation necessary to compete manifests itself in recruiting violations, the use of performance enhancing drugs, and countless other ways teams and athletes cheat.



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

In business, people without the will to prepare or the integrity to compete fairly seek corporate welfare, plead for regulations that will create barriers for competitors, or, in the case of unions, extract compulsory dues.

An environment with public policy designed to give favors to some businesses but not others starves the market of the competitive forces that drive businesses to excel. The Mackinac Center doesn't fault the businesses that take advantage of an unfair policy. Rather, we fault the policy itself; since their competitors will leverage an unfair policy, businesses that don't use it would be at a disadvantage.

In the space of ideas, the Mackinac Center also competes every day, and Mackinac Center donors provide the will to prepare. We're in this together for the long haul. A long-time donor recently said that he loves the Mackinac Center, "Because we're, and I use the term we intentionally because I feel such a part of this, we're relentless." ■



## New Mackinac Study Questions ROI of Pure Michigan

Viewers can judge if Pure Michigan ads are worth watching, but if they want to know if the tourism campaign is worth the cost to taxpayers, they'll have to take the state's word for it.

Though Pure Michigan is a publicly funded program, the government agency that oversees it — the Michigan Economic Development Corporation — and the private company it uses to study its effectiveness have been less than forthcoming about how they reached their conclusions. In its long-running effort to hold the MEDC accountable, the Mackinac Center for Public Policy recently released a new study examining the return on investment of government-funded tourism promotion.

In conjunction with the study's release, authors Michael LaFaive and Michael Hicks challenged David Lorenz of the MEDC and Deanna Richeson of the Michigan Lodging and Tourism Association to a debate. Among other things, the authors seek an opportunity to challenge the state's claim that Pure Michigan generates \$7.67 in new state tax dollars for every dollar spent on the ads.

"This high ROI assumption has been used to validate the expenditure of tens of millions of dollars a year on commercials and billboards, so the public deserves to know how the MEDC's private consulting firm, Longwoods International, arrived at that number," LaFaive said. "Unlike the MEDC and its consultant, our new study is completely transparent so others can replicate our findings, which show far different returns."

Using data from 48 states over a 39-year-period, LaFaive and Hicks find that for every \$1 million increase in tourism promotion spending, only \$20,000 in new economic activity is generated for hotels, resorts and other lodging. Other sectors in the travel and tourism industry saw even smaller, if any, benefits.

Michigan spent \$33 million on Pure Michigan ads in 2016 and \$261 million over the past decade. LaFaive and Hicks called for Pure Michigan spending to be put on hold until the state can demonstrate in an open and transparent manner that taxpayers really do benefit from the spending.

Neither Lorenz nor Richeson had responded to the debate challenge at the time of publication. ■



Read the Mackinac Center's new study on tourism promotion online at [mackinac.org/s2016-07](http://mackinac.org/s2016-07)

## Michael Reitz Elected To Lead Michigan Transparency Group

Accountable government requires transparency, which is why the Mackinac Center has long called for policies that would create a more open government.

This year, the Center joined other transparency advocates, including the ACLU of Michigan, the Michigan Press Association and the Sierra Club, to support transparency reforms. The Mackinac Center Legal Foundation, meanwhile, filed a lawsuit over the Michigan Department of Environmental Quality's disregard of open records law during the Flint water crisis.

Now, the Mackinac Center's Executive Vice President Michael Reitz will lead the Michigan Coalition for Open Government. In September, Reitz was elected president of the volunteer group,

which advocates for more access to public records, open meetings and policies that empower people with information about government.



Michael Reitz is executive vice president at the Mackinac Center.

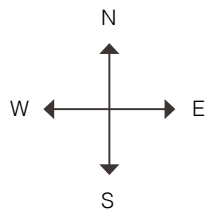
The coalition, founded in 2013 by long-time journalism professor and transparency advocate Jane Briggs-Bunting, has been well positioned as a resource for the public and policymakers and will now offer a comprehensive agenda for reform, according to Reitz. The group will be especially interested in increasing access to public records in the digital age.

Reitz first joined the group's board of directors in 2014 as a member of its legislative committee and went on to serve as vice president of the board. ■



# FROM DETROIT TO TRAVERSE CITY AND BEYOND

## SPREADING THE MESSAGE OF FREEDOM



The staff of the Mackinac Center frequently travel the state, speaking to an assortment of groups on a variety of policy areas. Recently, policy analyst Jarrett Skorup presented in Detroit on occupational licensing laws and spoke at a Constitution Day celebration in Traverse City.

In Detroit, Skorup spoke at an event put on by the southeast Michigan chapter of America’s Future Foundation. AFF is a network of liberty-minded young people that host speakers over appetizers and drinks.

Licensing, where the government mandates educational requirements and fees in order to hold a job, is increasingly a barrier to work. The number of people who have to be licensed to do their job has risen fivefold in the past few decades. Skorup talked about how these rules prevent people from working, with high costs and arbitrary requirements. The evidence shows that most licensing serves no public purpose and does not protect health and safety. The result is fewer jobs and higher costs for Michigan residents. The Motor City was a good location for the talk: In Detroit, window washers, furniture movers, sign and awning erectors and gardeners have to jump through hoops to work.

In Traverse City, the grass roots group Americans for Prosperity brought out about 150 people to celebrate and learn about the U.S. Constitution. A pastor and a federal judge spoke about how the document relates to civil and states’ rights and how those issues should be interpreted from the text.

As the keynote speaker, Skorup discussed how the U.S. Constitution came to be and why limitations on the government were put into our founding documents. Almost immediately after arriving, the Pilgrims, Puritans and others were dealing with issues of how they would govern themselves in America. Their experiences and thoughts helped shape the view of the founders and authors of the Federalist and Anti-Federalist Papers and ultimately the Constitution. Skorup concluded by giving an overview of the countries around the world which establish individual rights for their citizens. He also explored the explosion in wealth and opportunity enjoyed by the nations that limit government and allow for economic freedom.

The Mackinac Center frequently hosts free events and speeches, with our staff members and outside experts participating. If you are interested in attending, check out our events page at [www.mackinac.org/events](http://www.mackinac.org/events). ■

**IN THIS YEAR ALONE,**  
we’ve visited a number of cities  
spreading the message of freedom  
across the state. Here are a few of  
our stops:

- |                  |                 |                 |
|------------------|-----------------|-----------------|
| ALPENA           | INDIAN RIVER    | MT. PLEASANT    |
| ANN ARBOR        | KALAMAZOO       | NORTON SHORES   |
| BENTON HARBOR    | LANSING         | NOVI            |
| BIRMINGHAM       | LELAND          | PONTIAC         |
| DETROIT          | MACKINAC ISLAND | TAWAS           |
| FARMINGTON HILLS | MACKINAW CITY   | TRAVERSE CITY   |
| GAYLORD          | MANISTEE        | UTICA           |
| GRAND RAPIDS     | MARQUETTE       | VASSAR          |
| GROSSE POINTE    | MIDLAND         | WARREN          |
| HUDSON           | MOUNT CLEMENS   | WEST BLOOMFIELD |



# MICHIGAN







# LAUNCHING TOMORROW'S ENTREPRENEURS AT THE DETROIT CHILDREN'S BUSINESS FAIR



Nine years ago, Acton Academy (a network of charter schools) hosted its very first Children's Business Fair in Austin, Texas. Despite having only a handful of businesses and attendees, the first fair was a small sensation and the program grew rapidly.

As the Austin fair achieved extraordinary success — even launching the careers of some young entrepreneurs — Acton decided to franchise the idea to other groups across the country. Today, Children's Business Fairs are operating or planned in 25 cities across the country (and one in Guatemala).

One of those fairs took place in Detroit on Oct. 15, co-hosted by the Mackinac Center and Junior Achievement of Southeastern Michigan, two organizations that share an interest in the values of education and entrepreneurship. Like the first Austin fair, the Detroit Children's Business Fair was small but full of energy.

A total of 11 businesses participated, run by 26 children between the ages of 6 and 14. They sold everything from coffee and chocolate to hanging herb gardens and handmade jewelry and accessories.

At first blush, the fair was simply adorable — a collection of kids suited up in blazers, doing their best impersonations of businesspeople. But Children's Business Fairs have not been successful merely because they provide a photo opportunity. The

**GENEVA  
RUPPERT**

participants in Detroit had great things to say about the value of the products and services they sold, and the importance of entrepreneurship.

The future of the country, state of Michigan and the city of Detroit is uncertain, but the enthusiasm and exuberance of these budding entrepreneurs made all attendees and customers optimistic.

Besides giving children a venue for selling their goods and services to the public in a safe environment, the Children's Business Fair model provides participants with opportunities for competition and constructive feedback. This year, we handed out three prizes of \$50 to exceptional businesses.

KahMora Kennedy created her business, KahMora's Empire, as a way of helping her classmates learn English through bilingual comic books. She showed her prototypes at the fair and sold pencils and stationery products to her customers. Her energy earned her the award for originality.



More photos can be found online on our Facebook page: <https://goo.gl/rFMZZT>



Jet Fast was started by Jadeb, Alex, Emilio and Cristian, a group of boys from Escuela Avancemos! Academy, a Detroit charter school. In keeping with their class's mission of sustainability and community giving, the boys sold toy cars they made out of recycled materials and pledged to donate half their profits to buy toys for children with cancer. They received the award for creativity and presentation.

The final award, for most business potential, went to the Hydroflower Garden, which sold tiered hanging gardens made of recycled pop bottles. Created by Alessandra, Ismael and Yalitsa, also from Escuela Avancemos!, the business donated some of its food-growing products to homeless shelters to feed the hungry.

Both the Mackinac Center and Junior Achievement contributed judges, and we were honored to welcome several other local leaders and entrepreneurs to the panel. Tracy Garley, owner of Zarkpa's Purses and Accessories and the featured subject in a recent "Working in Detroit" video, was a judge. So were Markuis Cartwright and Howard Williams, high school entrepreneurs and co-founders of Believe it Can Be, which funds urban gardens to feed the homeless in Detroit.

The first Detroit Children's Business Fair was small, but burst with optimism and inspiration — so much so that we couldn't wait a year to have another one! We are excited to announce a second fair coming this spring. In the meantime, photos and information can be found at [detroitchildrensbusinessfair.org](http://detroitchildrensbusinessfair.org). ■

Geneva Ruppert is a communications associate at the Mackinac Center.





# New Study Offers Solution for a Neglected Health Care Issue

If you're like me, you probably don't think a lot about going to the dentist. Even for those of us who do go on a regular basis, it's sometimes hard to appreciate the importance of a routine checkup. But a growing amount of medical research suggests that oral health is a vital, but often overlooked part of a person's health.

Unfortunately, not enough people in Michigan get the dental care that they need to maintain good oral health. This is partially explained by the lack of appreciation for the importance of oral health, but there are other factors at play too, such as access to dental professionals and, of course, the cost of dental care.

The Michigan Department of Health and Human Services estimates that more than 30 percent of adults in Michigan did not see a dentist in 2014. The same is true for about 60 percent of people who have a household income of less than \$20,000 or who do not have dental insurance. And according to the federal government, there are more than 200 official dental health professional shortages in Michigan. This is a widespread problem, with at least one shortage in nearly every county.

Failing to see a dentist regularly is a bit like ignoring the check engine light on your car's dash. You may not notice any immediate concerns or cause for action, so you can safely ignore it, right? Yes, right up until you've got a major, costly disaster on your hands.

Regrettably, that's been the way a lot of people in Michigan treat their teeth. The Anderson Economic Group recently found that Michiganders made more than 7,000 trips to the emergency room each year for problems resulting from preventable dental issues. Gov. Snyder called this an "inappropriate use of emergency rooms." And he's right.

MICHAEL  
VAN BEEK

When people wait to use the emergency room to treat the pain and infections caused by preventable dental issues, we all pay the cost. AEG estimated that hospitals were paid about \$15 million for the care provided during those 7,000 trips. But the consulting firm also estimated that hospitals actually charged \$58 million for their service. Guess how hospitals make up the difference?

Lack of access to dental care might seem like an unsolvable problem, especially since our health care industry is increasingly under the control of government and other monopolistic organizations. But there is one market-based idea that could help bring down the cost of dental care, expand access to services and reduce the inappropriate use of emergency rooms.

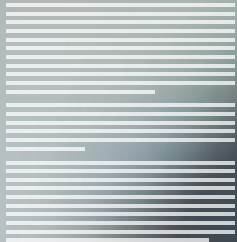
The Mackinac Center recently published a report titled "Dental Therapists: A Proposal to Expand Access to Dental Care in Michigan." The study recommends that the Legislature create a new dental license for a midlevel provider called a dental therapist. As a midlevel provider of care, a dental therapist would have a larger scope of practice than a dental hygienist, but would not be able to do everything a traditional dentist can do. Such a person would be required to graduate from an accredited dental training program and could only work under the supervision of a dentist.

Several other developed countries have successfully used midlevel dental providers for decades. Maine, Minnesota and Vermont have dental therapists as well, and many other states are considering them.

Creating a license for dental therapists won't defeat all the challenges of providing access to dental care for Michiganders. But it's a tested and well-studied reform that would inject more competition and flexibility into Michigan's dental care market. ■

Michael Van Beek is director of research at the Mackinac Center.

## Policy Brief



MACKINAC CENTER

Read the Mackinac Center's policy brief on dental therapy online at [mackinac.org/s2016-06](http://mackinac.org/s2016-06)



## Experts Offer Hope for Pension Fix

It is common knowledge that mismanaged pensions have caused enormous fiscal pain in Detroit and Flint, but the problem is more widespread than many Michiganders realize.

Across the state, municipal pensions (for police, firefighters and other city and county employees) are underfunded by \$5.4 billion. The Michigan Public School Employees Retirement System needs \$26.7 billion to fully fund the promises it has made to teachers and other school employees.

In September, the Mackinac Center hosted an Issues and Ideas Forum about the pension debt Michigan faces at the state and municipal level and what can be done to fix it.

The panelists included Dan Liljenquist, a former state senator from Utah who spearheaded that state's pension reform efforts. He pointed out that while the concept of billions of dollars does not mean much to the average person, Utah's pension debt could have paid for 8,000 teachers for 25 years. Lawmakers can continue to kick the can down the road, he said, but "reality is not negotiable." This debt will eventually cripple governments that choose to ignore it.

Pete Constant spoke about his experiences reforming pensions as a member of the San Jose city council, noting that the already-small police force in the city has been dramatically cut to fund retiree benefits. He advised audience members to look at city infrastructure repair, 911 response times and other core government services that often suffer to fund the promises made to retirees.

The final panelist was Aric Nesbitt, majority floor leader in the Michigan House of Representatives. He gave a history of Michigan's pension reform efforts, noting that the state was well ahead of the curve in reforming retiree benefits for state workers in the 1990s. Nevertheless, the pensions that remain open present just as much of a threat, as do retiree health benefits, which are rarely funded in advance and face a more volatile market as the price of health care skyrockets.

Michigan has an opportunity to improve the fiscal responsibility of government, protect the retirement promised to workers and save taxpayers from years of future pain. It should leap at it. ■



## Tourism Tax Suit Dismissed After Resort Owner Sells Property

Fight to protect free speech could continue with another property owner

The Mackinac Center Legal Foundation dismissed the lawsuit it filed in June on behalf of a Michigan resort owner. His constitutionally protected free speech rights were violated when a regional tourism bureau taxed him to subsidize marketing campaigns he opposes.

After contacting the Mackinac Center about what would eventually become his case, plaintiff George Galbraith received an offer on his property, The Landings on Indian River, and made the decision to sell it and retire. Senior Attorney Derk Wilcox filed a motion to dismiss the case in October.

Wilcox and the rest of the team at the Mackinac Center wishes Galbraith well in his retirement and thanks him for bringing attention and lending his story to such an important issue.

The case centered on the fact that tourism bureaus across the state levy taxes on rented rooms to fund regional tourism marketing campaigns. In Galbraith's case, it was the Indian River Area Tourist Bureau that was taxing property owners like him to pay for an outdated website he neither wanted nor needed.

Forcing people to subsidize speech they disagree with violates their First Amendment rights. It is for that reason, and because no one should tell business owners how to conduct their advertising, that the Mackinac Center Legal Foundation agreed to take on the challenge.

The issue at the heart of the case remains relevant: The U.S. and Michigan constitutions protect a person from being forced to subsidize speech against his or her will. The Center would welcome another hotel owner to come forward to carry on the fight.

Galbraith's case was highlighted throughout the state, particularly in northern Michigan. Some of the outlets to cover the case and the larger issue of unaccountable, inaccessible tourism boards were Michigan Public Radio, the Petoskey News-Review, Up North Live and 9 & 10 News. ■



# What the 2016 Election Means for Michigan

The Mackinac Center is a nonpartisan group and we work with politicians and groups of all political persuasions toward limited government and free markets. The national elections dominate the media, but what happened here in Michigan is also very important.

The biggest news is that the Republicans kept control of state government. Leading up to Nov. 8, it was thought that 10 House seats could flip, all of them held by GOP representatives. In fact, only one seat went to Democrats, and that one narrowly, while Republicans took one that was on nobody's radar.

Come January, the state House will retain a 63-47 GOP majority while the state Senate will be controlled by Republicans 27-11. Both of these margins are at or near historic highs.

While real progress toward sound policy has been made during the past few years, the state faces many issues. Energy and environmental policy – typically heavily

influenced by federal action – is ripe for reform. Michigan's budget has been increasing, and it's time to lower the income tax as was promised years ago.

## JARRETT SKORUP

Our criminal justice initiative brings together Republicans and Democrats to allow people to live productive lives while

operating efficiently and protecting the public. Pension debt at the state and local level remains the biggest debt challenge. And if new legislators are looking for savings, we have a list of programs that should be rolled back or cut.

The Republicans in Lansing recently elected Rep. Tom Leonard as the incoming House speaker. Senate Majority Leader Arlan Meekhof will remain in his post as will Gov. Rick Snyder. The Mackinac Center has worked closely with all three and we look forward to continuing our relationships toward a brighter, freer and more prosperous Michigan. ■

Jarrett Skorup is a policy analyst at the Mackinac Center.

## MACKINAC

## *in the news*



Mackinac Center Vice President for Marketing and Communications John Mozena (right) appeared on CBS Detroit's "Michigan Matters" with host Carol Cain to debate Ned Staebler, vice president for economic development at Wayne State University, on the merits of the 20-year master plan for the Regional Transit Authority of Southeastern Michigan.

Mackinac Center analysts and journalists uncovered and publicized a number of flaws in the RTA's plan, including unrealistic assumptions regarding state and federal funding levels. On Election Day, its millage ballot proposal was narrowly defeated thanks to active opposition by grassroots community organizers who were massively outspent by pro-RTA corporate and government forces.

# *Ways to Give to the Mackinac Center*

Americans are some of the most generous people in the world, and Mackinac Center supporters are certainly in that group. Your gifts provide for research and education that is bringing hearts and minds back to our nation's founding principles.

And because the Mackinac Center is a 501(c)3 nonprofit organization, your gifts are tax-deductible – something to remember as Uncle Sam clamors for ever more of our hard-earned dollars.

There are many ways to make a gift to the Mackinac Center and secure your tax benefits by Dec. 31.

To make an immediate gift, you can visit our website at [www.mackinac.org/give](http://www.mackinac.org/give) and make a contribution online. You can make a one-time gift or sign up for automatic monthly donations.

To send a gift by mail, please write a check payable to the Mackinac Center and mail

it to us at: Mackinac Center for Public Policy, 140 West Main Street, P.O. Box 568 Midland, MI 48640.

You also can make a gift of stock. Gifts of publicly traded securities allow you to avoid capital gains taxes and receive a tax deduction for your gift, benefiting both you and the Mackinac Center. You can ask your broker to make an electronic transfer of securities directly to the Mackinac Center's account with Wells Fargo. (You will need our DTC information, which is available by calling 989-631-9000.)

Please let us know if you plan to make a stock transfer, so we can monitor our account, acknowledge your gift and provide you with a tax receipt.

Finally, if you are age 70-1/2 or older, an IRA charitable rollover allows you to move up to \$100,000 from your traditional or Roth IRA directly to the Mackinac

Center as a charitable contribution and not pay federal income tax on this gift. It also counts toward your required minimum distribution.

To qualify, the distribution must be made directly from your IRA administrator to the Mackinac Center and must be completed by December 31. Please have your IRA administrator include your name as the donor so we can thank you properly.

In all cases, the Mackinac Center recommends that you consult with your attorney or financial planner about the potential tax benefits related to your gift.

Thank you for thinking of the Mackinac Center during this holiday season. If you would like to talk to us further about making a gift for free markets and limited government, we welcome your phone call at 989-631-0900. ■



# Labor Policy Director Debates at Northwood University

In November, F. Vincent Vernuccio, who is the director of labor policy at the Mackinac Center, took part in a debate. He was joined at the Northwood University event by former Northwood faculty member and

current Ithaca College instructor Jim Johnson.

The question for the debate was “Are employees not paying a union free riders?”

Vernuccio argued that employees in

unionized workplaces who do not want to associate with the union are actually forced riders. They are forced to accept union representation whether they want it or not, he said, a situation that occurs in both right-to-work and non-right-to-work states.

In right-to-work states, a union cannot get a worker fired for not paying it, Vernuccio explained. States with this protection are not only freer, but better off economically.

Vernuccio used Mackinac research to show that right-to-work states have lower unemployment, and higher population, job and wage growth. When the cost of living is factored in, they also have higher wages.

Vernuccio asked members of the mostly college-aged crowd if they could remember Michigan a few short years ago. He reminded them of Michigan’s “lost decade,” when the state was losing jobs and people and wages were declining. He noted that right-to-work wasn’t the single silver bullet that brought Michigan back. But it did play a big role that, combined with other sensible tax and regulatory policy, helped turn the state around. ■

# Event Highlights Michigan’s Next Labor Reform Opportunity

Across the United States, workers who resign from their union must continue to accept its representation. In right-to-work states, workers who resign from the union do not have to pay for that representation, but they are not free to negotiate their own contracts or working terms. Unions call these workers free riders, but a more accurate term would be forced riders.

Worker’s choice, a new concept from the Mackinac Center, would let employees negotiate in their own interests. Rep. Gary Glenn, R-Midland, recently introduced a bill to implement it in Michigan, and the Center hosted a panel discussion in Lansing to explain the idea and how it would benefit workers in the state.

summer that showed a vast majority of union members support the concept of worker’s choice.

Glenn discussed how he became interested in labor issues and said he was optimistic about the chances of worker’s choice becoming law in Michigan. He pointed out that the exclusive bargaining privileges unions currently enjoy are not found in any other area of employment law and that workers should be able to negotiate for themselves on their own terms, if they wish.

The final member of the panel was Stephen Hall. A teacher from Flint, Hall discussed his personal experiences



F. Vincent Vernuccio



Rep. Gary Glenn, Stephen Hall and F. Vincent Vernuccio

F. Vincent Vernuccio is director of labor policy at the Mackinac Center and developed the idea of worker’s choice. He gave the audience an explanation of how it goes hand in hand with right-to-work. It could even protect right-to-work from legal challenges recently brought by unions. Vernuccio also discussed polling conducted over the

with union representation and the ways he and his family could benefit from increased choice and flexibility in his public school contract.

A bill to implement worker’s choice currently sits before the Government Operations Committee in the Michigan House of Representatives. ■



# Four Stories Show the Value of Educational Options

Students aren't all the same — why should their schooling experiences be?

As a father of three, I recognize some of the different needs children have and the different ways they learn best.

The conventional school system works well for many Michigan students, but fails to provide effective services to all. Educational choices and innovations have expanded opportunities for children, which helps. Still, many families are crying out for something better.

The Mackinac Center team has heard directly from Michigan residents with stories that show the potential of breaking down centralized control and expanding parent power and choice. Four families in particular provide some diverse examples.

The two sons of Port Huron's Aley Minton were falling behind at their traditional bricks-and-mortar school. Her oldest son was not getting the classroom help he needed for his dyslexia. He then started in Michigan Connections Academy, a full-time virtual charter school, as a fifth-grader reading at a second-grade level. Four years later, he is earning As and Bs, and is academically on track for graduation.

Before Connections, the younger Minton brother experienced bullying in a school environment that couldn't fully protect him from his severe food allergies. He since has developed bouts with epileptic seizures. Had he been enrolled in a conventional school, he might have missed so many days that he would have been held back. The flexibility of the virtual school, however, made it possible for

him to advance two years above grade level in both math and science.

Edgar Servin hails from a poor southwest Detroit neighborhood. He aims to graduate from high school next year, an opportunity that escaped his parents. But he is ready to go even further, having applied to college in hopes of pursuing a mechanical engineering career. He also aspires to one day return and support the youth in his troubled community.

Edgar's ambitions have been bolstered by his time at Detroit Cristo Rey High School, a distinctive school with a perfect college acceptance rate for its entirely low-income student body. His parents chip in hundreds of dollars in tuition each year. But most of the cost is paid for by his participation in the Corporate Work Study Program, which adds invaluable professional preparation to a rigorous classroom experience.

For Mia Roe, the difference between third and fourth grade was night and day. At her assigned Macomb County public school, she often would come home frustrated and in tears, not getting the extra help she needed to overcome her learning disability. One educator even described her case as "hopeless."

Her parents, Liz and Jamie, then moved Mia to the same private Christian school where their older daughter was thriving. The school's partnership with Lutheran Special Education Ministries enabled her to get the right kind of individualized attention. Mia's

demeanor changed; she finally wanted to go to school. While the Roe family can afford this private option, many others would find it too expensive.

Vipul Gupta is the father of two students in Grand Blanc Public Schools, which serves many higher-income, higher-achieving students. Through diligent work and some online course options, Gupta's middle-school daughter has accelerated years ahead in math and science, and is taking an entrepreneurship class designed for high school juniors and seniors.

But the family is frustrated by the district's decision to place her in a study hall rather than allow her to take a typical sixth course, which she would use for second-year Spanish. The two-credit entrepreneurship class technically gives her more than a full course load, even though the class assigns no homework. The district has told her dad that it doesn't get enough funding to fully customize her education. The state, meanwhile, defers to local officials. How many other advanced learners are being held back by our state's antiquated system?

As the needs of each child vary, so do their aspirations and definitions of success. These stories show that where barriers are removed, students and their families often charge forward to seize the opportunity.

Future Michigan success stories are waiting to be told. It's time to knock down more barriers. ■

Ben DeGrowth is director of education policy at the Mackinac Center.

**BEN  
DEGROW**





# Conflict and Consensus

What a year 2016 has been! A year of firsts I don't think anyone was very excited to witness. I am not the first to observe that the one thing that seems to unite the world today is a mutual dislike and general divisiveness – not ideal for building consensus and bringing people together this holiday season.

But in the spirit of Thanksgiving, I think we should consider another view: See the value in conflict, and perhaps even be grateful for it.

I recently received the advice to lean into the small conflicts of everyday life. Highly effective individuals do it without prompting, and I'm working on that skill.

Sometimes I am guilty of letting slights fester rather than address them. I know how to hold a grudge, and I have been known to take great pleasure in it. It's a character flaw. But lately, I have started to think about how much energy I waste dwelling on minor disagreements and how little it would take to resolve them peacefully.

We all encounter little spats with our friends, colleagues and family members. The best path to preserve our well-being is to confront them respectfully, but head-on. Politics, though, is not a great method for achieving progress, precisely because it encourages disrespect, division and disregard for others. Now that this election is over, we have the chance to make great strides in communication and understanding, if we choose to do so.

Most of us can agree that this election did not bring out the best in America. It was nasty, brutish and unbearably long. No matter who we endorsed at the top of the ticket, we lost something. Now that it's over, I am just as frustrated with those who won as with those who did not.

How much do elections mean in the grand scheme? Not enough to justify what we have gone through over the last 18 months. One president usually behaves very much like another, party affiliations notwithstanding. Knowing this, and knowing that we might be more disappointed than usual with the just-completed election cycle, perhaps we should try embracing conflict. See it a way of bringing the country closer together, rather than a tool to drive a greater wedge.

How is that happy state possible? Make your first reaction to conflict a desire to understand the other. When frustrated by gloating relatives or protesting college students, lean in and start a conversation. Genuine curiosity and peaceful questions are the best tools for anyone who wishes to build consensus and relationships – two things we will need to avoid another year like 2016.

Win, lose or draw, I suspect most Americans will end up disappointed with our federal government in coming years. But I hope we can avoid being disappointed in each other for much longer. ■

## BY THE NUMBERS DENTAL THERAPY

**7,000**

Emergency room visits in 2011 for issues that could have been addressed with preventive dental care.

**212**

The number of official dental professional shortages in Michigan in 2014.

**52 percent**

The portion of Michigan dentists who are likely to retire within the next 10 to 15 years.

**42 percent**

The portion of third-graders in Detroit who have an untreated dental disease.

# MACKINAC CENTER LEGACY SOCIETY

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For more information, please contact us today. If you have already included the Mackinac Center in your will, please let us know so that we can recognize your commitment to our shared ideals.

*Call 989-631-0900 and ask for the Advancement department or send an email to Lorie Shane at [Shane@Mackinac.org](mailto:Shane@Mackinac.org).*

