

# **POLITICAL DRIFT OR PARADICIM SHIFT?**

*An Agenda for Leadership that Lasts*

Every so often—perhaps once or twice in a century—ideas move the unmovable. The weight of information and experience becomes so overwhelming that entrenched ways of doing things give way. Paradigms shift. Patterns of thought change and align with a new reality.

In Eastern Europe, a political philosophy that shaped an empire evaporated almost overnight and brought down a dozen regimes with it. Here at home, new ideas gave rise to the Democratic Leadership Conference, which seeks to recast the perspective of one of America's two major political parties. And recently, the voters of this country spoke with uncommon clarity about their yearning for dramatic change. An awakening of major significance is unfolding before our eyes. Government is about to be wrenched from old and bad habits toward alignment with the trends and forces that are shaping every other aspect of our lives.

The marketplace is noted for a high degree of flexibility and responsiveness. There, the very survival of individual enterprises depends on their willingness to adapt to the ever-changing tastes of consumers. In the modern information age, where technology is rapidly transforming the nature of work, the quality of products, and the variety of service, change is occurring with consonant speed. Recent trends in the marketplace—indeed, in almost every aspect of our lives—are unmistakable. They are toward decentralization, de-monopolization, and the empowerment of individuals.

The realm of politics—how we govern ourselves—is not so flexible and responsive. As the trends in the marketplace noted above have accelerated, government has lagged behind. Big, lumbering, and incomprehensible, it behaves like a vacuum tube in the age of microprocessors. With only spotty and fleeting success, scholars have labored to bring the practice of governance in line with the more enlightened and exciting trends shaping the rest of our lives. Now, there is reason to believe that society is finally leaping up the learning curve. If subsequent events confirm this through far-reaching public policy changes, the 1994 elections will go down in history as a major confluence of ideas, trends, and events.

This is the context in which the recent elections are best understood. For our state it places a very special meaning on what the voters have done. It means that on November 8, 1994, John M. Engler won much more than a second term as Michigan's chief executive. He won a second beginning.

On November 8, the people of Michigan led a national crusade against the anti-social, culturally-backward, and intellectually bankrupt notion that politicians and the stifling bureaucracies they spawn are wise planners of other people's lives. They rejected the idea that compassion is what happens when politicians spend other people's earnings. They told politicians who "bring home the bacon" that they can't be so easily bought anymore. Better than at any time in half a century, the people understand that

government has nothing to give anybody except what it first takes from everybody and the message they sent to government on November 8 was simply this: *Get off our backs, get our of our pockets, and get our of our way!*

No one in Michigan went to the polls on November 8 thinking that Governor Engler was unsure of himself, his policies, or his vision. In a state where conventional wisdom held for decades that fence-straddling moderation and non-confrontational, "feel-good" mush made the best politics, John Engler proved otherwise. He cut state spending and bureaucracy more than any governor in the 50 states. Challenging the power of the Michigan Education Association, he pushed hard for a sweeping overhaul of our ossified public school system. All across Michigan, he preached the virtues of free markets, competition, limited government, and personal responsibility—earning notable support and endorsements from constituencies that four years ago few expected would respond favorably to such things.

The afterglow of a massive victory and the comfort of Republican majorities in both houses of the legislature may tempt some advisors to urge that the administration rest on its laurels. There will be those who argue that the Governor should lower his voice, soften his message, and temper his program—govern, in effect, as if voters went shopping on November 8 for an accommodationist seeking some "big tent" consensus. That is most emphatically *not* the lesson of the Revolt of '94.

Make no mistake about it. This election was about the proper role of government. It was the most ideological election in decades. The verdict of the voters is profound in its meaning and massive in its dimension. It represents a sea change in public attitudes. The verdict is in: government cannot tax, spend, and regulate our way to progress and prosperity. The Berlin Wall of ignorance and fallacy about what government is and what it can do is at last coming down. A cultural renaissance is taking shape as people look more to themselves, their families and their communities for renewal, and less to the political process.

Consistency of principle and firmness of purpose are bedrock essentials of leadership *that makes a difference*. In his first term, Governor Engler demonstrated this truth in a way that shines as an example for other governors of softer spine and lesser note. Now, he must rise to the challenge of providing leadership *that lasts*.

Those who advise Governor Engler to cruise quietly through an uneventful second term will misread the people and squander an historic opportunity. The Governor was re-elected to be a risk taker, not a caretaker. If he wants to seize the moment and make a permanent mark, he must invigorate his vision for a freer and more progressive Michigan with an aggressive agenda. Like any worthy enterprise that hopes to succeed, state government under John Engler needs a mission statement drawn from vital principles.

These are the principles upon which a second Engler term should build and from which the administration's public statements and policies should not deviate:

1. ***Government is not a vehicle for the redistribution of wealth.*** It is not an instrument by which the politically well-connected gain benefits at the expense of everyone else. It is primarily concerned with securing the rights and safety of the people, and fostering an environment which allows the people maximum liberty to put their talents and industry to good use.
2. ***Barriers to initiative and enterprise are anti-social.*** Nothing about government could be more

uncompassionate and anti-people than policies that repress the spirit of inventiveness, invade the privacy of personal lives, deprive workers of their earnings, or stifle the competition of free choices.

3. ***Dependency is no substitute for self-reliance.*** Policies which keep people shackled to the whims of the political process are demoralizing and destructive. A paycheck, in truth, offers an “entitlement” that no welfare check will ever offer. Private efforts to relieve distress should be encouraged because they usually *solve* problems for the unfortunate instead of perpetuating them.
4. ***Decentralization is a virtue and an imperative in an increasingly competitive world.*** Bureaucracy won’t get the job done. Technology is empowering individuals and unleashing their creativity at an astonishing pace in the marketplace. If government doesn’t “get with the program,” it will get in the way.

An agenda for lasting leadership, that will modernize and align government with the trends in place in the world around us, follows in the form of recommendations in three broad areas. In the coming weeks and months, the Mackinac Center for Public Policy will release a series of recommendations for the Governor and new legislature, elaborating on those made here and adding many new ones for consideration as well.

### ***Education Reform***

Though remarkable progress was made in this area during Governor Engler's first term, much work remains to be done. The ultimate goal of reform ought to be full educational choice, a system that does not limit choice only to government schools bound by archaic methods and rules. We must infuse marketplace virtues into the provision of education in our state: parental choice, diversity, competition, accountability, cost containment, decentralization, and entrepreneurial opportunities for parents, teachers, and administrators.

The Governor should pursue the following:

1. ***Cross-district public school choice.*** The recently enacted, state-guaranteed, per-pupil foundation grant has the perverse effect of reducing what little choice existed within the public system. Since all school aid is consolidated into the foundation grant, districts have a powerful new incentive to deny student transfer requests. Parents who want to send their children to a public school that has both the physical room and the willingness to accept their children should be allowed to do so automatically-without having to secure the approval of the home district school board.
2. ***Relaxation of tenure and certification requirements.*** Schools should be free to develop their own tenure and seniority systems (in place of the existing, statewide Teacher Tenure Act), or to adopt employment-at-will arrangements with their teachers. This will free schools to reward teachers on the basis of merit. Michigan should follow the lead of New Jersey and relax its teacher certification requirements, giving school administrators greater freedom to hire people they regard as both knowledgeable and effective in the classroom. Related to these matters is the question of compulsory collective bargaining: the Governor should call for exempting teachers from the Public Employment Relations Act.
3. ***Repeal of Article VIII, Section 2 of the Michigan Constitution.*** This anachronism unduly restricts genuine education reform, as demonstrated dramatically by a recent court decision invalidating Michigan's charter school law. We applaud the Governor for pursuing an appeal of that ruling, and

we cautiously endorse changing the law to meet the court's objections without adding substantial new controls over charter schools. We are skeptical, however, that anything short of repeal of Article VIII, Section 2 can produce the kind of liberated environment necessary for an educational renaissance. Once rid of this constitutional albatross, the Governor should press for a system of tuition tax credits (including a refundable tax credit for low income parents) that will open the education monopoly up to comprehensive competition and parental choice.

4. ***A comprehensive review of the Michigan School Code.*** Every rule, regulation, standard, and procedure governing the schools must be put on the table for review and justification. The goal here would be to liberate teachers and their schools from strictures that stifle their creativity and effectiveness.
5. ***Abolition of the state Department of Education.*** Does Michigan really need a Department of Education that, one year ago, had three employees for every one school superintendent in the state? Does anyone honestly believe that Michigan students are better educated today than they were before the department was created 29 years ago?

Since 1965, when the Department of Education was established, its budget has risen by more than 3,000 percent. Over that same time period, inflation was less than 340 percent and the K-12 student population actually *declined* by more than 23 percent! Abolishing the department and transferring its function as a pass-through agency for federal funds to the Department of Management and Budget would not only save money but would send a powerful message as well: *though the state provides funding, the management of our state's schools belongs at the local level.*

### ***Labor Law Reform***

Labor reform that brings Michigan law up to date with the times is not something to be feared. The failure of union leaders to frighten the electorate on the issues of instituting right-to-work and repealing organized labor's special privileges suggest that Michigan may be ready for what was regarded as politically unthinkable a few years ago. Expanding the options of workers by granting them freedom of association is a civil rights issue. Ridding the books of special interest legislation that artificially raises costs to the taxpayer or restricts the ability of state government to contract with any qualified vendor is a quality management issue. These reforms also make eminently good economic sense.

The Governor should pursue the following:

1. ***Repeal of the Prevailing Wage Act of 1965.*** Michigan's image as a high-cost, over-regulated state is only reinforced by harmful laws like this and a similar one, the State Printing and Bidders' Requirement Act of 1937. By effectively freezing out non-union contractors, these laws have the effect of subsidizing the well-off, discriminating against minorities and women, diverting funds from education and the needy, wasting tens of millions of tax dollars every year, and hurting the competitiveness of our state's businesses.
2. ***Enactment of a Michigan Right-to-Work law.*** Right-to-work simply means that no man or woman may be compelled to join a labor organization in order to hold a job. It is not anti-union per se, but simply pro-choice on the issue of union membership. Experience in the 21 right-to-work states indicates that it encourages investment in new jobs and invigorates the economy with new incentives for entrepreneurship.

## ***Economic Development***

If there is one area where the Engler Revolution is most in danger, it is this one. In his first term, the Governor showed remarkable understanding of the true nature of economic development—something which happens not by design or at the direction of central planners, but which occurs when government stands aside, lightens the burdens it imposes, and allows entrepreneurs in "a fair field with no favor" do their work.

The Governor properly criticized "industrial policy" schemes whereby government attempts to "pick the winners and the losers" and bestow upon them special favors, subsidies, and other public benefits. He understood that Michigan had employed those dubious policy extensively in recent years and had little but stagnation to show for it. Acting on that understanding, he slashed the Commerce Department's budget by nearly 50 percent in his first year. Michigan's economy promptly soared without the "help" of the schemes the department previously was famous for.

Now, under the pressure of business interests, the administration shows signs of buckling. The Michigan Economic Growth Authority and the Michigan Jobs Commission are prime examples of a reversal of sound policy. Programs of this nature—which do little more than divert tax money to the politically well-connected with little or no net benefit to the general economy—compromise the Governor's free market agenda as well as the integrity of state government.

Economic development is best encouraged by pursuing a free market approach that liberates the entrepreneurial spirit. Accordingly, the Governor should move to:

1. ***Eliminate the state's Single Business Tax and reduce the Income Tax.*** Few measures the Governor might pursue would do more to spur economic growth than these. To finance the attendant reduction in revenue, the state should enact the spending reductions suggested in this document, allocate future revenue growth from an expanding economy to this purpose, match the Governor's first term reduction of the state bureaucracy with another 8 percent cut and a salary freeze, privatize the operation and management of the state's prison system, and push for deep reductions in state spending within all departments.
2. ***Identify and remove all unreasonable barriers to entrepreneurship.*** All department directors should be instructed to search for any and all instances where needless or overly burdensome licensing requirements and other regulations inhibit enterprise.
3. ***Strengthen private property rights.*** Regulatory "takings" that do not involve appropriate compensation to property owners occur with all too much frequency in Michigan. The Governor should look to an Arizona measure for inspiration on this issue. That state's Proposition 300 would have given every state government agency the authority to prevent state safety or environmental rules from going into effect if officials find that the restrictions would reduce the value of private property or unfairly block its use.
4. ***Acknowledge Michigan's historically low unemployment levels, declare victory on the economic front, and abolish the Jobs Commission and similar Department of Commerce "industrial policy" schemes.*** Other subsidy programs for the arts (which Governor Engler once promised to eliminate), foreign offices, local development projects, and associated pork within the Department

of Commerce budget should be cleared away, and its liquor distribution system finally privatized, for a potential savings approaching \$ 100 million.

In politics, unambiguous mandates from the electorate do not occur with great frequency. Ratification of Governor Engler's first term performance by an historic 22-point margin and GOP majorities in both houses of the legislature certainly constitute a mandate for putting government in its proper place and updating its functions to fit the times. These recommendations, taken together, would go a long way to fulfilling that mandate.

--November 14, 1994