

The Magazine of the Mackinac Center for Public Policy JULY/AUGUST 2014

IMPACT

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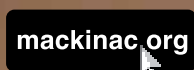
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NOTABLES & QUOTABLES

Who needs a vacation anyway?

Summer is often a time for resting and relaxing. Families pack up a vehicle and head north to find a slower pace, to disengage from the work-a-day world and to put aside responsibilities for a time.

That hasn't been the case for the Mackinac Center for Public Policy. While many were planning summer vacations, we were planning how to inform teachers of their new right-to-work freedoms. We sent messages to teachers' school email addresses and postcards to their homes. Since the leadership of the Michigan Education Association said that it doesn't market how to resign, the Mackinac Center is taking that responsibility.

Our efforts are paying off. National television and radio outlets, as well as Michigan media, took notice of the Mackinac Center's initiative and brought more attention to the important decision teachers will make during the month of August. Last year, few of them knew that the MEA claims the only month members can resign is August. Many more know now. (Read more about this project on page 7.)

On the last day of June, the Supreme Court ruled in favor of liberty. The 5-4 *Harris v. Quinn* decision means unions cannot force people who work in their own homes to pay dues or fees simply because they receive government funding to take care of the elderly and disabled (most of them relatives or close family friends). The Mackinac Center wrote two amicus briefs on this topic and

witnessed the arguments in person this past January in Washington, D.C. The Mackinac Center put this "dues skim" on the map in Michigan, drawing attention to the unfair and illegal scheme. We banded together with like-minded partners at the National Right to Work Legal Defense Foundation to make our voices louder. We know in Michigan that when folks weren't forced to pay the SEIU, 80 percent dropped off the union's membership rolls. (Patrick Wright sums up our involvement in our feature article page 10.)

Summer brings in a new class of interns for us. Meet the future of the liberty movement on page 14.

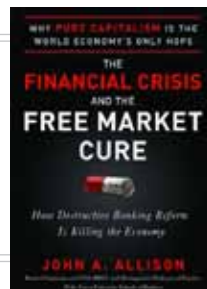
Friends of freedom get excited when we win a legal battle, but when our opponents give our clients what they want and pay our attorneys' fees, we get really excited! That's exactly what happened in the City of Dearborn. Brave workers stood up to the Teamsters who were discriminating against them by establishing additional fees in violation of Michigan's right-to-work law. Not only did the Teamsters change the illegal policy, it also cut the Mackinac Center Legal Foundation a check. (Read this story on page 5.)

We hope you are enjoying your summer and can find enjoyment knowing that liberty never takes a vacation. ■

Dan Armstrong is marketing and communications team leader for the Mackinac Center.

 MICHAEL D. LAFAYE RECOMMENDS "THE FINANCIAL CRISIS AND THE FREE MARKET CURE"

Anyone with an interest in economics and finance ought to pick up a copy of John Allison's book "The Financial Crisis and the Free Market Cure." Allison, President and CEO of the Washington, D.C.-based Cato Institute, is a former banker and has written what may be the best take on the financial crisis of 2008. It's practically a textbook on how the crisis unfolded. Allison pulls no punches, laying much of the blame at the feet of politicians and regulators while offering sage warnings about America's financial future. I highly recommend this book.



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WHAT FOLKS ARE SAYING ABOUT THE MACKINAC CENTER

"It was language in Ferndale's contract that nobody was really aware of. The Mackinac Center brought it to our attention... We looked it up — it was there, much to our embarrassment."

— Shelley Rose, spokeswoman for Ferndale Schools, quoted in The Detroit News after Michigan Capitol Confidential broke the story of the MEA and school district approving contract language giving "special consideration" to those of the "non-Christian faith" for more than 30 years.



Regulatory Regime Tries to Put the Brakes on Competition

Have you ever given a friend, co-worker or babysitter a ride in your car? You could be a criminal.

Car service apps such as Uber and Lyft allow a user to request a car, pay the driver and provide feedback about the ride – all using one’s smartphone. Drivers for these car services commonly use their own vehicles and users can specify their preferred vehicle type. Ride-sharing apps have exploded in popularity in recent years. Uber, for example, now operates in 70 cities since its 2009 launch.

Whether it’s the novelty of hailing a ride via smartphone, or the responsive service provided by drivers, customers of these services have a seemingly unnatural enthusiasm for this method of transportation. In Washington, D.C., users post comments about their ride at the Twitter hashtag #UberDCLove.

I don’t know about you, but I’ve taken scores of taxi rides and I’ve never used the word “love” to describe the experience.

Innovation, however, has a way of exposing preferential treatment written into the law. In cities across the country, regulators are targeting drivers and shutting down ride-sharing services. A good idea should never go unregulated, right?

In Michigan, transportation regulators in Detroit and Ann Arbor issued cease and desist letters to Uber, telling the company to terminate operations or face stiff financial fines and jail time. This reaction is quite common; according to the Detroit Free Press, taxi drivers in Chicago sued to shut down ride-sharing services and

Uber drivers have been arrested for unauthorized pickups at the San Francisco International Airport. In June, taxi drivers in Washington, D.C., brought the city to a halt by staging a protest of Uber. (Uber gleefully offered rides to anyone who couldn’t catch a cab.)

State and city officials argue that public safety concerns call for careful regulation of new car services. Drivers, they say, should be specially licensed, the company should be insured, and fares should be disclosed. Another common refrain from regulators is that we need strict rules about transportation and we must all live under the rule of law.

The law, though, is not merely being used as a standard of good behavior. It’s wielded as a regulatory club to reduce competition and innovation.

Fans of Uber and Lyft may be puzzled at the official response to the new transportation options, but it’s not a new phenomenon.

Frederic Bastiat wrote in 1850: “See if the law benefits one citizen at the expense of another by doing what the citizen himself cannot do without committing a crime.” Even more to the point: “The person who profits from this law will complain bitterly, defending his acquired rights. He will claim that the state is obligated to protect and encourage his particular industry....”

Public safety is a legitimate concern, but the barriers to entry for vehicle services (just to name one occupation) should not be designed to protect a monopoly and crowd out new innovators. ■

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DAN ARMSTRONG Editor

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From left to right: Shawn Koskyn, Derk Wilcox, Maria Santiago-Powell, Patrick Wright and Greg Andrews.

Dearborn City Workers Defeat Teamsters

In August of 2013, a small group of brave and determined workers stood up against a powerful union and recently walked away victorious, sending a strong message that just because someone is bigger doesn't mean they can discriminate.

Shawn Koskyn, Maria Santiago-Powell and Greg Andrews contacted the Mackinac Center Legal Foundation after the union representing them, Teamsters Local 214, instituted a policy charging non-members a special fee to file grievances. The union put forth this discriminatory policy against these Dearborn City workers whom it had chosen to represent.

After the MCLF took legal action, Teamsters Local 214 President Joe Valenti vehemently defended the discriminatory policy, saying

the workers were "committing suicide" and that the union would "go to court if we have to and take it to the last."

However, his tune apparently changed after realizing it would be better to comply with the law rather than fight against these workers. The Teamsters changed the policy and it now says, "any charges the Union will require related to the processing of grievances will be assessed on a non-discriminatory basis."

In addition to changing the policy, the Teamsters dropped its claims against the workers and paid the Mackinac Center Legal Foundation's legal fees.

The case gives notice to other groups that workers are aware of their rights and that they're always watching. ■

"Thank you. Thank you. Thank you. In fact, I decided to pay part of my dues to support the Mackinac Center Legal Foundation to help others who are in need of help. It's a wonderful feeling knowing you guys were there, and I was not fighting this battle alone."

— Maria Santiago-Powell
Former Teamsters Local 214 Member

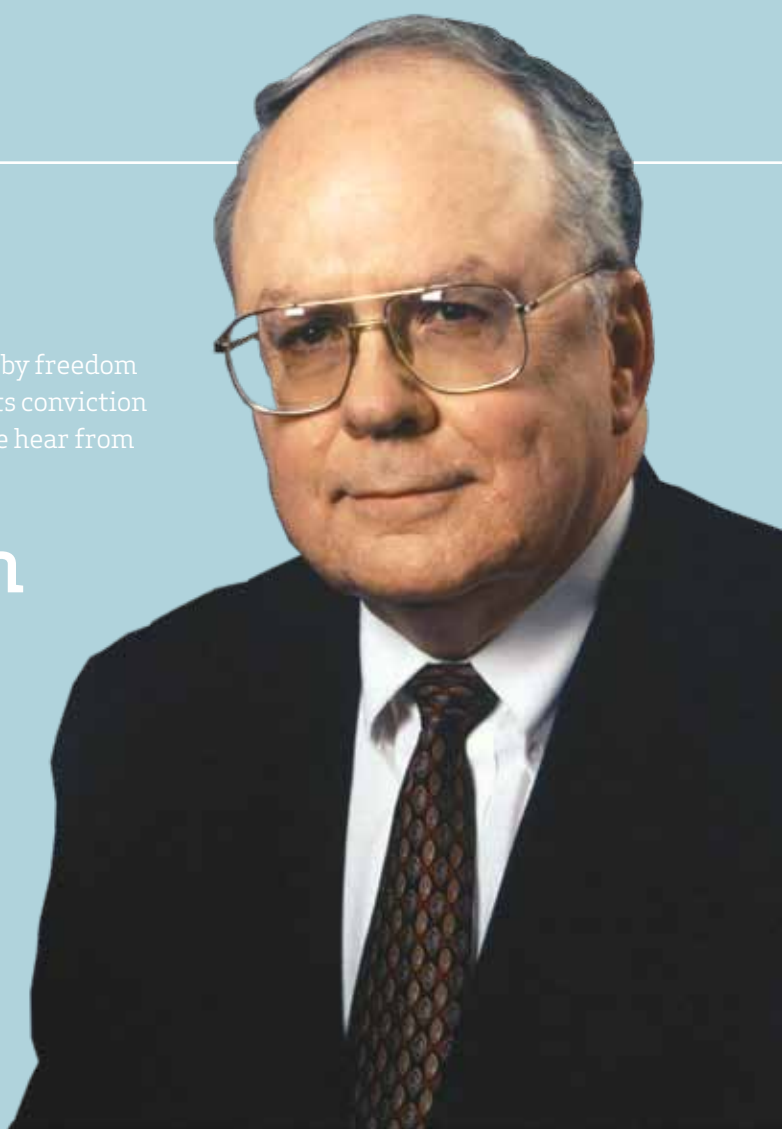
"We couldn't have won this battle without the Mackinac Center fighting for us."

— Shawn Koskyn
Former Teamsters Local 214 Member



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 co-founder of the Mackinac Center:

D. Joseph Olson



MCPP: What was it like growing up for you?

D. Joseph Olson: I was originally born in Louisiana. If I had been born three months later, I would have been originally from Texas. You see, my dad worked for Carter Oil, which was owned by Standard Oil, as a geophysicist. He moved around the country quite a bit with his job, so we went with him. I've been in every state of the union, but growing up I spent a lot of time in the southern states, but also some western states.

Traveling so much, you get a fantastic perspective of how many people see the world. There are so many diverse ideas out there. Some are better than others, but it's important to be exposed to varying ideas so that you can compare them with your own ideas and learn.

One of the only drawbacks from traveling so much is that it was difficult to sustain friendships with the people we met. However, we would frequently go back to the same areas across the country and catch up with people we had known years before.

MCPP: How did you end up in Michigan?

Olson: I attended many schools of higher learning. I like to tell people that I've been

kicked out of some of the best universities in the country! I didn't always see things the way my college professors did. We'll leave it at that.

I graduated with a bachelor's degree in political science from Oklahoma City University in 1959. I got a job underwriting insurance in San Diego. I eventually attended Santa Clara University to get out of the insurance business and graduated in 1975. That's when I began working in the legal department for USAA (United Service Automobile Association). After that, I became general counsel for Citizens Insurance Company in Howell, MI.

I probably took the longest route anyone has ever taken to get to Michigan.

MCPP: What got you interested in free markets?

Olson: I never had a "road to Damascus" conversion to accepting the ideas of free markets. I always believed in them.

I believe I have read all of F. A. Hayek's works.

John Wayne, whose real name was Marion Robert Morrison, was born in Winterset, Iowa, in 1907. My dad was born in Winterset, Iowa, in 1913. There are still relatives on my

dad's side of the family there. I idolized John Wayne. He had a lot to do with how I perceived and thought how people should be able to live their lives. He was the sort of image I had of what a good American was. Solid, Midwestern people that have a good attitude about life and the country.

MCPP: What was one of the reasons why you thought the Mackinac Center should exist?

Olson: There were some national organizations that were doing very good scholarly work on public policy issues, and I thought Michigan should have its own research institute.

There was a big need for a Michigan organization to provide free market solutions to the economic questions of the day.

MCPP: How do you think the Mackinac Center has evolved over the years?

Olson: It's gotten bigger. The organization has become very effective in getting its ideas into the public conversation of the day. Starting out, we knew our ideas would take a while to become accepted. Today, it seems as though it doesn't take as long for Mackinac Center ideas to be considered among policy-makers. ■

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

AUGUST OPT-OUT'S UNEXPECTED PUBLICITY

If there was any doubt the Mackinac Center is leading the charge to inform unionized teachers of their rights, Michigan Education Association President Steve Cook put those doubts to rest in June.

Cook responded to our August Opt-Out campaign, which aims to inform all MEA members of their union's claim that the only time they can exercise their rights under Michigan's right-to-work law is during the month of August, with a video sent to his membership.

In the June 10 video, Cook emphatically states, "And then there's the Mackinac Center. They will help you in every way possible to leave MEA..."

In a June 27 video, MEA Vice President Nancy Strachan mentions the Mackinac Center no fewer than 13 times, telling MEA members, "One group, the Mackinac Center, has been particularly aggressive at soliciting MEA members and providing information on how to opt out."

The two videos come on the heels of a series of "breaking" posts from the far left website Eclectablog.com.

Eclectablog "broke" the story of how we sent out tens of thousands of emails and postcards to MEA members around the state, informing them of their rights. Thankfully, in the "reporting" they included the full text of the email and pictures of the postcards.

The result was that media from around the state and nation starting paying attention to the MEA's so-called "August window" and even more MEA members learned about their union's byzantine requirement.

Whether MEA members hear about the window from the Mackinac Center, MEA officers, news media or progressive websites, the important point is that these hardworking teachers and school



support staff are made aware that the MEA says the only time they are able to exercise their rights is during the month of August.

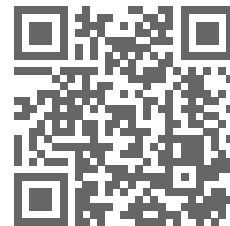
The Mackinac Center, through our website, AugustOptOut.org, will continue to make sure that the estimated 329 school districts with contracts postdating March 28, 2013, and eligible for right-to-work, employing nearly 50,000 teachers, know their rights and how to exercise them.

Our legal team believes this "August window" violates right-to-work, but until the issue plays out through the courts we are advising MEA members to abide by the union's guidelines.

AugustOptOut.org features testimonials from current and former MEA members who have or would like to exercise their rights. It also has a form letter that other MEA members can use if they choose to opt-out. ■



Visit AugustOptOut.org and calculate how much opting out could save you.



Mackinac Cigarette Smuggling Study Inspires State Action – in New York

A study of cigarette smuggling performed by Center analysts in 2008 and subsequently updated with data through 2012 continues to influence policymakers.

Last March, New York Gov. Andrew Cuomo created a task force charged with fighting cigarette smuggling in the Empire State. The 13-member group was born on the heels of widespread reporting of Mackinac's newest estimates (released in February) of state-by-state cigarette smuggling rates.

The Center's study ranked New York as the number one smuggling state in the nation. We estimated that almost 57 percent of all cigarettes consumed were being acquired illegally.

The Washington, D.C.,-based Tax Foundation – a 77 year-old research institute – amplified our findings in publications of its own which helped introduce the Center's research to a wider audience. Our findings have been reported recently by such institutions as the New York Post, Bloomberg News and Huffington Post.

Mackinac Center scholars are not the only ones studying this issue. A 2012 study published in the journal "Tobacco Control" estimated that in South Bronx, New York, some 57.9 percent of discarded cigarette packs collected by researchers were untaxed. That is, they were smuggled in from elsewhere.

The Mackinac Center's cigarette smuggling studies were authored by Michael LaFaive and Todd Nesbit.

LaFaive is director of the Morey Fiscal Policy Initiative and Todd Nesbit is an associate professor of economics at Ohio State University.

Michigan's smuggling rate in 2012 exceeded 27 percent of total consumption (legal and illegal).

The authors did not intend to do a national study of cigarette smuggling. Because their statistical model would not function without a lot of changes to measure, they fed into the model data on 47 of the 48 contiguous states. This was done just to get Michigan smuggling estimates, but the result produced a bonus – cigarette smuggling rates for almost every state – and one that has had national implications.

Previous state-by-state estimates have been performed by other scholars, but not on a consistent basis so changes can be tracked over time. By publishing smuggling estimates routinely policymakers cannot only engage the extent of a problem, but its shifting patterns.

Perhaps no other scholars in the nation are providing this informational service to policymakers. ■

Read the study of cigarette smuggling online at Mackinac.org/s2008-12.

In this study, the authors consider cigarette smuggling from two angles. First, they employ a statistical model to estimate the degree to which cigarette smuggling occurs in 47 of the 48 contiguous U.S. states. Second, they review the historical experiences of three states — Michigan, New Jersey and California — known to have problems with cigarette smuggling. The author's findings suggest that state policymakers should reassess the value of cigarette taxes as a revenue and public health tool.

Mackinac Center Executive Vice President Joins Board of Michigan Coalition for Open Government



Mackinac Center Executive Vice President Michael J. Reitz has joined the board of directors of the Michigan Coalition for Open Government and will serve on its legislative committee. Formed in 2013, MiCOG focuses on educating residents statewide about their rights to access public records and require transparency from local and state governments, school boards and other public bodies.

Throughout its history the Mackinac Center has advocated for open, accountable government. The preamble of the Michigan Freedom of Information Act explains the importance of transparency: "It is the public policy of this state that all persons ... are entitled to full and complete information regarding the affairs of government and the official acts of those who represent them as public officials and public employees, consistent with this act. The people shall be informed so that they may fully participate in the democratic process."

After joining the Mackinac Center in 2012, Reitz oversaw the launch of the Center's Open Government Initiative, which promotes awareness of and improvements to the state's transparency laws. Last year, the Center hosted a series of townhall meetings on Michigan's Freedom of Information and Open Meetings acts that included panelists from MiCOG as well as the Michigan Press Association, the ACLU of Michigan and The Center for Michigan. The Mackinac Center Legal Foundation recently prevailed in a lawsuit against the city of Westland after

suing over illegal fees the city was charging individuals who requested public records.

The Mackinac Center has also recommended improvements to the Michigan Freedom of Information Act, which was enacted in 1976. Reitz noted that the Michigan Legislature took a step in the right direction when the state House passed House Bill 4001, which would make it easier and less costly for people to obtain government records.

"The Mackinac Center has several great tools in place to help people keep government accountable, especially our new VoteSpotter app that lets users give instant feedback to their legislators about key votes," Reitz said. "Michigan Capitol Confidential, our award-winning news service, reports stories from all levels of government that people need to be aware of, and our MichiganVotes.org service describes every bill, amendment and resolution introduced in the Legislature in plain English. We also have comprehensive databases of school collective bargaining agreements, superintendent compensation and school funding reports."

Also joining the MiCOG board is Shelli Weisberg, legislative director for the ACLU of Michigan. ■

MEA Pays Mackinac Center a Visit

On a Saturday in May, members of the Michigan Education Association held a walk in Midland bringing attention to public school funding. They claim education funding is down nearly \$19 million in the greater Midland area in the last four years.

MEA president Steve Cook has claimed that Michigan's public school budget has been cut by \$1 billion.

The problem is that these claims are not true.

State spending on public education actually increased \$800 million in the last four years, despite the fact enrolment is down by 2.4 percent.

As Michigan Capitol Confidential reported, the West Bloomfield School District receives about \$515 more per pupil today than it did in 2010. Despite this, its superintendent claims that it is getting less money.

Those claiming less money and calling for more funding know who is steering the conversation toward reality. They know the Mackinac Center will not stand for information that inaccurately depicts how our state's dollars are being spent. They know the Center's accuracy of information and power of influence, which stand in the way of policies that spend more tax dollars without receiving better results.



MEA members protesting in front of the Mackinac Center building.

The group made sure to demonstrate in front of the Center's headquarters on West Main Street.

We agree that our children deserve the best education possible. But in order for that to happen, parents need to be empowered to make the best choices for their children. ■

HARRIS V. QUINN

PATRICK WRIGHT

Organized labor's multi-state scheme to gain members, money and influence began to unravel in 2009 when a Michigan housewife started searching for answers on why "union dues" were being taken out of the checks she received from the State of Michigan for providing daycare to parents who were in a welfare to work program. Sherry Loar owns Baby Steps Childcare Center, a limited liability corporation that she operates out of her home in Petoskey. Sherry's persistence led to the investigation and discovery of the breadth of the union scheme and its flimsy legal justification. Now, nearly five years later, the United States Supreme Court has examined a similar arrangement from Illinois and held that it violated the

employees such as teachers, firefighters and bureaucrats. Eventually, the public-sector unionization effort plateaued while the private-sector unions continued to hemorrhage.

Labor then took note of large federal appropriations made to the states to implement Medicaid programs and the Temporary Assistance for Needy Families (TANF) block grant. It saw that people like Sherry Loar were being paid by her clients with the help of subsidies. Labor also saw the subsidies being paid to people like Patricia Haynes of Macomb Township who (with assistance from her husband Robert) provides home help assistance to her two

really government services and that the service providers were therefore public employees who could be unionized. This idea was given a test run in Illinois in the mid-1980s. In a little-noticed decision, an Illinois labor agency rejected the unionization attempt, stating, "There is no typical employment arrangement here, public or otherwise." Labor then turned to California. Again, it attempted to organize home help workers against Los Angeles County. In 1990, a California appellate court rejected the concept that the county employed the providers.

Undeterred, organized labor tweaked its theory. Needing to make the providers' ties to government stronger, the unions sought to create a government agency that would be designated as the "employer" for collective bargaining purposes, thereby giving the union something to bargain against. This idea was accepted by the California Legislature, which created the first of these faux employers. Labor organized "against" that employer and managed to net 78,000 "employees" and started charging them dues.

This scheme was then exported to other states. In Washington and Oregon, it was actually approved after a statewide election. Labor then sought to bring this theory to states where there were Democratic governors. Illinois' then-Gov. Rod Blagojevich was one of the first. Despite the Illinois labor agency ruling, he entered an executive order allowing unionization of home help providers.

Another governor that the unions turned to was Michigan's Gov. Jennifer Granholm. The first to arrive was the SEIU, which sought the creation of a faux employer so that Michigan's home help workers could be unionized. Gov. Granholm had this done through an interlocal agreement. The next two unions that sought her aid were the UAW and AFSCME. They sought a faux employer to unionize the home-based day care workers. A new joint union was created for the day care providers.

Each new "employee" group was around 40,000 individuals. The home help



Pam Harris was victorious in her challenge before the Supreme Court against forced unionization of home-based care givers.

First Amendment rights of home-based caregivers, thereby freeing hundreds of thousands of individuals and preventing the illegal flow of tens of millions of "dues" to public-sector unions.

For decades, organized labor has lost membership (and therefore dues money) in the private sector. It tried to make up for these losses by unionizing public-sector

disabled children Kevin and Melissa – both of whom suffer from cerebral palsy. Under Medicaid, Patricia's children essentially hire her to provide care and the state subsidizes it.

Seeking to obtain a revenue stream from these payments, labor concocted a theory that the use of government subsidies meant that the services provided were

unionization got the SEIU around \$6 million a year, while the day care providers netted their new union around \$2 million a year.

It was just after the day care union started collecting dues that Sherry Loar contacted the Mackinac Center. Serendipitously, the Mackinac Center was at that time looking to open a litigation arm. Sherry was to become the Mackinac Center Legal Foundation's first client. We announced

Later in 2011, our legal efforts to combat the stealth unionization of home-based caregivers drew national attention. Robert and Patricia Haynes were featured on Fox Business, National Review Online, The Weekly Standard, The Washington Times and Rush Limbaugh, again, also covered that story. In that case, we also represented Stephen Glossop, who was looking after his mother.

brief showing the similarities between the Illinois scheme and the schemes the unions had created in other states. We recommended that the Supreme Court hold that all of these schemes did not concern "public employees" and therefore that no forced dues or fees were permissible.

NRTWLDF courteously extended an offer for us to assist with oral argument preparation and I acted as one of the moot court judges the Thursday before argument for William Messenger, the NRTWLDF attorney who argued the case. The oral argument occurred in January 2014 despite a snow storm that shut down the rest of DC. Mackinac Center President Joe Lehman, Executive Vice President Mike Reitz, Marketing and Communications Team Leader Dan Armstrong and I attended oral arguments to watch the unflappable Messenger.

On June 30, 2014, the Supreme Court announced that Pam Harris had won. The court, in a 5-4 decision, held that people like Pam Harris, Sherry Loar, Michelle Berry, Paulette Silverson, Patricia Haynes and Stephen Glossop would no longer have unions improperly diverting money from them for the services they provided to some of this country's neediest citizens. This ruling will affect hundreds of thousands of individuals and could prevent the unions from improperly taking more than \$100 million in improper dues annually.

The decision also opens the door for the Mackinac Center Legal Foundation to seek a repayment of the dues money taken by the SEIU from home-based caregivers, an amount that exceeds \$34 million.

Every now and again, an individual's refusal to accept a wrong leads to amazing things. ■

Patrick Wright is Vice President for Legal Affairs at the Mackinac Center.

On June 30, 2014, the Supreme Court announced that Pam Harris had won. The court, in a 5-4 decision, held that people like Pam Harris, Sherry Loar, Michelle Berry, Paulette Silverson, Patricia Haynes and Stephen Glossop would no longer have unions improperly diverting money from them for the services they provided to some of this country's neediest citizens.

a challenge to the day care unionization in September 2009. Eventually, Sherry was joined by Michelle Berry of Flint and Paulette Silverson of Brighton.

Within a few months of filing our case in the home-based day care stealth unionization scheme, Michael Jahr, our former vice president for communications, and I co-authored op-eds about the situation for The Wall Street Journal and The Weekly Standard which ran two days apart in December 2009. In between those two days, John Stossel wrote about the plight of Sherry Loar on the Fox Business Channel website.

Stossel followed that in February 2010 with a four-minute on-air segment on our case, and an even larger audience heard about it the following day when radio host Rush Limbaugh discussed it on his show.

When the stealth unionization finally ended in March 2011, it was noted by The Washington Post, Boston Globe, The Washington Examiner and both major Detroit papers.

Our efforts led others in the freedom-based movement to look at and fight these unionization efforts in their own states. It also led to other litigation. About five months after the Mackinac Center filed its day care suit, which was based on state-law issues, the National Right to Work Legal Defense Foundation (NRTWLDF) filed a proposed federal class action suit in Michigan. It also filed a similar proposed class action in Illinois against that state's home help program. This latter case was Harris v Quinn. The plaintiff was Pamela Harris who was suing Illinois Gov. Pat Quinn (Gov. Blagojevich's successor).

Both the district court and the United States Court of Appeals for the Seventh Circuit improperly rejected the claims. NRTWLDF sought Supreme Court review. The Mackinac Center Legal Foundation joined with the Cato Institute and the National Federation of Independent Business in suggesting that the court take the case. After the Supreme Court agreed to hear that case, the Mackinac Center Legal Foundation filed an amicus

Teresa L. Olson Scholarship Winner – Josiah Kollmeyer

I am very honored to serve as the Teresa L. Olson Scholar at the Mackinac Center this summer. Having now accepted three internships with the Center, I am continually impressed by the quality of my colleagues and the keen minds which they bring to bear on policy questions in Michigan.

My specific projects as an intern have ranged from a study of privatization by Michigan public school districts to an analysis of criminal intent requirements under Michigan law. Throughout my internships, numerous conversations and lectures have helped me to better understand a large array of political, economic and even cultural issues. As a true think tank, the Mackinac Center provides information in order to stimulate healthy discussion and debate, including amongst its own staff. Exciting and valuable conversations occur around the lunch table just as much as in the conference room.

As a graduate of Hillsdale College, I had already grown to appreciate free-market and limited-government ideas prior to my internships, but the Mackinac Center has given me the chance to apply those ideas practically. While internships in any field, no doubt, include some amount of mundane work, I have enjoyed the chance to apply my mind to more complex tasks as well, including published writing. My research and writing

experiences, particularly those gained this summer with the Mackinac Center Legal Foundation, will serve me well this fall when I will enroll at Harvard Law School. After receiving my law degree, I plan to continue serving as an advocate for liberty both in the United States and abroad.

I am deeply grateful for the generosity of the Olson family and all of the members and friends who make our work possible.

Please know that your support makes a real and important difference in the continuing struggle for free-market policies in Michigan.

(Editor's note: Kollmeyer is the first recipient of the Teresa L. Olson Scholarship, which was established by founding board member Joe Olson in memory of his late wife. The endowment funds one intern annually from Hillsdale College who shows an aptitude in economics, political economy and the insurance and financial services industry. Kollmeyer is one of just 34 people – out of 112,000 nationwide – to get a perfect score on the Law School Admissions Test last year.) ■

Josiah Kollmeyer is the 2014 Teresa L. Olson Scholar at the Mackinac Center and was a summer research intern in 2011 and 2012.

**JOSIAH
KOLLMMEYER**



Welcome aboard!



Gwendolyn Karl

MEMBER SERVICES ASSISTANT

Gwen joined the Mackinac Center staff in April. Her responsibilities include managing the gift processing procedure, maintaining accurate records, assisting with donor mailings and responding to donor questions while supporting the Advancement Department.

The Northwood graduate holds a degree in business administration, and her experiences include marketing and fundraising, administrative support and owning/operating a restaurant in the Midland area.

Gwen is married with two children.



Jonathan VanDerhoof

GRAPHIC DESIGNER

Jonathan VanDerhoof is no stranger to the Mackinac Center. He first interned from 2009 to 2011 in graphics. He later completed an associate's degree and worked at The Dow Chemical Co.

He lives in Midland and is currently completing a bachelor's degree at Saginaw Valley State University.

When not designing first class graphics for the Mackinac Center, Jonathan enjoys playing sports, boating and relaxing on the lake.



Patrick J. Wright

VICE PRESIDENT FOR LEGAL AFFAIRS

Patrick now has a new title, Vice President for Legal Affairs. He successfully launched the Mackinac Center Legal Foundation in 2009 with the first case he litigated under the MCLF: *Loar v. DHS*.

Wright joined the Mackinac Center in 2005, providing expertise in the legal field and writing amicus briefs.

He's worked as a Michigan Supreme Court commissioner, assistant attorney general for the State of Michigan, policy adviser in the Senate Majority Policy Office, and a law clerk for a United States district court judge.

Patrick lives in Chelsea, Mich., with his wife and two sons.



Attorney General Bill Schuette



Institute for Justice attorney Clark Neily



Heritage Foundation senior labor economist James Sherk

THE JOB AND RESPONSIBILITY of the Attorney General, why judges should become more activist and mitigating the damage from the state's recent minimum wage hike. These diverse topics were discussed by some prominent speakers at three recent Mackinac Center events.

At a speech in Midland, **Attorney General Bill Schuette** discussed what he views as the role of Michigan's top lawyer. Specifically, his job is to interpret and enforce the State Constitution and its laws.

Recent controversial issues regarding affirmative action, pension obligations in the city of Detroit, same-sex marriage, and interpretations of the state right-to-work legislation and similar labor laws have involved the Attorney General's office. With the Detroit bankruptcy being before a federal judge and affirmative action being recently argued in front of the Supreme Court, Michigan has been at the center of important case law.

While this has not always been the practice of other Attorneys General across the nation, Schuette said he is in charge of enforcing state laws whether he agrees with them or not.

Also involving legal issues, **Institute for Justice (IJ) attorney Clark Neily** discussed his recent book "Terms of Engagement: How Our Courts Should Enforce the Constitution's Promise of Limited Government" in Bloomfield Hills. IJ is a libertarian public interest law firm that represents people fighting overreaching government policies.

While conservatives often have an aversion to "activist judges" – legal officials who strike down laws passed by people and legislators – Neily says it is also important to have judges intervene and overrule unjust legislation.

In a review of the book, Georgetown University law professor Randy Barnett writes, "In practice, the claim that laws and administrative regulations reflect the will of the public is often a fiction. In the economic sphere, regulations are more commonly the product of pressure from politically connected and well-established companies at the expense of upstart entrepreneurs. Because voters know little about these laws and their impact, they can't hold their representatives accountable for enacting them, and the few affected individuals can hardly influence a general election."

Many laws, particularly dealing with commerce, allow bureaucrats to restrict the rights of citizens for little reason and beyond what most people understand or intended. For example, across the nation, states have passed a myriad of laws dealing with licensing. In 1950, about one out of 20 jobs required a license while today it is about 1 in 3. States require licenses for things like hairbraiding, painting and giving health and nutrition advice, making it illegal to practice this safe work without giving time and money to the government. IJ represents many clients who are being oppressed by state and federal laws that Neily believes are clearly outside the bounds of what the Constitution allows governments to do.

At a June event in Lansing, **Heritage Foundation senior labor economist, James Sherk** discussed how the state should deal with the minimum wage. Michigan recently hiked its minimum wage to \$9.25 per hour by 2018, which many Republicans defended as an action to ward off a ballot proposal that would have been even more economically destructive.

Basic economics shows that the value of someone's labor is determined by what others are willing to pay for it, Sherk pointed out. Competition in the market forces businesses to pay the perceived value of their workers. If they pay more than the true value, they are harmed, while paying less encourages employees to jump ship to a different company.

"That's why 97 percent of American workers make more than the minimum wage," Sherk said. "It is not because businesses are just simply being generous."

Sherk said the most harm from the policy affects low-skilled workers and society in the long term.

"The primary value of the minimum wage job is not the pay today, but the skills it generates for the future," he said. "When you raise the minimum wage, you saw off the bottom rung that lets low-skill employees enter the workforce." ■

Kendra Shrode — Mackinac Center Legacy Society

At Mackinac Center events I proudly wear a "LEGACY SOCIETY" ribbon on my name tag. I am often asked what it signifies and I am pleased to answer that here and to also share the reason I was compelled to join this growing giving society.

I am fortunate to know many of you personally. Those of you who do not know me should know that for 22 ½ years I have been employed by the Mackinac Center. Yes, that means I date back almost to the beginning and certainly to the days before we moved into our lovely home at 140 West Main. To say that I have seen changes would be the understatement of the year!

The Legacy Society gives many of us assurance that the important work of the Center will go on after we are no longer able to make monetary contributions. Kris Palosaari and her advancement team can give you information on the many ways to give thru the Legacy Society. I personally have designated one of my retirement plans to benefit the Mackinac Center.



In 2003 I became a President's Council member but felt that was not enough to show my appreciation for the work of the Center. In 2008 I proudly joined the Legacy Society. It is my fondest wish that the Center will continue to grow in strength and influence while I am still here — and beyond as well. Aside from my family, my faith and my love of country, there has never been a force in my life as important as the Mackinac Center for Public Policy. I share the values the Center promotes and wish to perpetuate them.

I invite each of you to explore the possibilities of the mutually beneficial ways of giving. While reducing your tax liability you will also assure economic and personal liberty for our children and grandchildren by funding the important work my colleagues accomplish in a wide variety of public policy arenas. A strong Mackinac Center will result in a strong Michigan — the goal of the entire Mackinac team. ■

Kendra Shrode is assistant to the president of the Mackinac Center.

Interns, Class of 2014

Freedom is the class that is always in session at the Mackinac Center, and it's a privilege to welcome new classes of interns every summer.

2014's class brings a few familiar faces, as well as those new to the program.



Back row, left to right: Christina Bolema, Josiah Kollmeyer, Zachary Dawes, Nathan Lehman
Front row: Ilia Anderson, Zachary Woodman, Kristiana Mork, Dane Skorup

Christina Bolema is a communications intern studying mathematics at the University of Michigan.

Josiah Kollmeyer is a research intern who graduated from Hillsdale College with a double major of history and mathematics. He will begin course work at Harvard Law School in the fall.

Zachary Dawes is a research intern studying economics at Northwood University.

Nathan Lehman is a research intern who will be attending Hillsdale College this fall.

Ilia Anderson is a graphics intern responsible for several projects, including the IMPACT magazine you are reading now.

Zachary Woodman is a research intern studying economics at Hillsdale College.

Kristiana Mork is an operations intern studying speech and political science at Hillsdale College.

Dane Skorup is a research intern who graduated from Hillsdale College with a degree in economics.



The Culture of Freedom versus the Culture of Force

Why we do what we do.

Prior to joining the Mackinac Center for Public Policy, I anchored and reported local television news stories. The job required meeting new people and asking them questions. Over the course of 10 years and interviewing thousands of people, the question that got the best response is "Why?"

When asking heroes who rescue people from dangerous situations, they normally responded, "It's what anyone would do in that situation."

When asking police officers, firefighters and EMTs why they chose to go into those fields, most said, "I want to help people."

When asking teachers why they decided to choose their career path, the general answer reflected an investment in future generations.

We live in a country where we have the right to choose what we want to do for a living. People select these noble professions for many reasons, but whatever the reason, it is entered into voluntarily.

Prior to Michigan becoming a right-to-work state, labor unions forced workers to pay them. Teachers who voted against a contract or disagreed with the union's ideology, politics or values, had no choice in the matter. Before March 28, 2013, the decision to become a traditional public school teacher was a free choice, but the decision whether to pay a union was not.

Many Michigan teachers have received a rude awakening over the past year. Union officials came after them for dues money. According to Amy Breza, a para-educator at Clarkston Community Schools, "I had my union president hunt me down in my own classroom." Amy is one of several teachers who contacted the Mackinac Center when they felt they had nowhere else to go. The Mackinac Center Legal Foundation is litigating on their behalf. The teachers did not know that the union claimed the only time they could exercise their right-to-work freedoms is in the month of August.

August of 2014 will be a different story, as you may have already seen. The Mackinac Center dedicated resources to reaching teachers who were left in the dark regarding their new rights. We've sent emails and postcards to teachers letting them know that they now have a choice. Several Michigan media outlets and national outlets picked up on our message and helped push this informational campaign forward.

You've also seen how the MEA has reacted. Rather than trying to persuade teachers to voluntarily stay with the MEA, it has spent a lot of its time trying to attack the Mackinac Center for simply informing teachers of their new rights.

The Mackinac Center received various responses from teachers. We heard from a local union president who did not know about the August opt out period and asked us for help in informing his members of how to properly do it. A veteran local union secretary contacted us because she had never heard of the August opt out period and said she wanted out. Others told us how difficult it is to get proper information regarding the process from the union.

Under a culture of force, these teachers who are asking for information would have no recourse as to paying a private organization or face getting fired. When asked why they pay the MEA, their honest response would be, "Because I have to."

Under a culture of freedom, all teachers are allowed to voluntarily give the MEA money or choose to keep roughly \$1,000 a year to do with it as they please. Their response to "Why?" can honestly be, "Because I want to."

Freedom is better than force.

This is why we do what we do. ■

BY THE NUMBERS

13

the number of times MEA Vice President Nancy Strachan mentions the Mackinac Center in a video about teachers opting out of the union

12

the number of times the Mackinac Center is mentioned during a Netroots Nation session regarding state-based think tanks

52% to 119%

how much more health insurance costs under Obamacare

\$500 million

the net tax cut Proposal 1 of 2014 would deliver



Leaving a Legacy of Liberty

MACKINAC CENTER
LEGACY SOCIETY

Legacy Society Luncheon
September 11, 2014
11:30 am to 1:30 pm
Lansing Country Club



Planning for Life Workshop
October 22, 2014
11:30 am to 1:30 pm
Midland Country Club

More details coming soon but feel free to contact
Kristine Palosaari by phone at 989-698-1968
or email Palosaari@Mackinac.org