

The Magazine of the Mackinac Center for Public Policy MARCH/APRIL 2014

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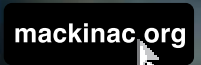


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NOTABLES & QUOTABLES



Freedom, Farms, and Farewell to Winter

Spring is a time for optimism, especially in Michigan, where we'd all like to put the winter of 2013-2014 behind us.

In January, the Detroit area shattered the snowfall record with nearly 40 inches of snow on the ground. The old record was 1978's 29.6 inches. Flint broke its January snowfall record by four inches, reaching nearly 33 inches.

Then there was the cold. Detroit spent 10 days below zero in January. Flint had 13. The cold did not break any records, but that was no consolation as Michiganders braved the elements to get to work and school.

Spring is nature's signal of better things to come. We hope that's the case for public policy in Michigan as well.

In this issue, the Mackinac Center celebrates several legal victories. One of them involved two public school teachers who stood up against a powerful political organization and won.

We also look back 10 years when the Michigan Education Association sued the Mackinac Center for using a quote by then-MEA president Luigi Battaglieri who said, "Frankly I admire what the Mackinac Center has done." I won't spoil the ending for you. Just go to page 14 to find out how it ended. (Hint: freedom won).

Workers in the City of Dearborn were told by their union that if they had exercised their

newly acquired worker freedom rights, then they would be treated differently than other employees. The Teamsters union said it was going to charge certain employees \$150 to file a grievance. Brave employees stood up against this discrimination, contacted the Mackinac Center Legal Foundation for help, and eventually the union backed down and changed its policy to comply with the law.

But it's not all roses in this issue. Mackinac Center Board of Scholars member Dr. Christopher Douglas takes a hard look at the \$1 trillion farm bill and how it's full of corporate welfare. He also dispels the myth that agriculture is the second largest industry in Michigan. In fact, workers in agriculture and related industries make up just 1.5 percent of Michigan's workforce.

Over the years, the Mackinac Center has established itself as a go-to organization when the public has questions about policy issues. The media also uses the Mackinac Center as a source of factual reference. One team member who has seen a large share of the spotlight is Morey Fiscal Policy Initiative Director Michael LaFaive. Over the last 10 years, Michael has tallied more than 1,300 media interviews for the Mackinac Center. His quick response and attention to the needs of reporters has paid large dividends for freedom. ■

 JARRETT SKORUP RECOMMENDS "COMING APART" BY CHARLES MURRAY

In "Coming Apart," Charles Murray believes that cultural inequality — the separation of people from others outside their class — is at the root of the problem. The evidence he lays out shows that an ever-increasing amount of Americans marry or interact socially only with people in their own class. That includes college graduates and the fatherless poor. And the "American Way of Life" — based on marriage, honesty, hard work and religiosity and which used to revolve around civic culture — is on the decline. While depressing at times, the book is important in showing that proposed "solutions" to economic inequality, like more redistribution of wealth, is unlikely to help. It shows cultural revival is difficult for public policy to solve — people need to do that themselves.



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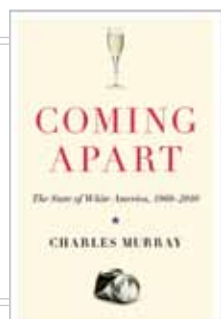


WHAT FOLKS ARE SAYING ABOUT THE MACKINAC CENTER

"The Mackinac Center comes up with a helpful list of proposed government expansions every time the governor gives the state of the state speech."

— Susan Demas

Editor/Publisher Inside Michigan Politics and MLive columnist





Supreme Court Reviews Forced Unionization

Pam Harris loves her son. Josh Harris was born with a rare genetic disorder that necessitates round-the-clock care. For the past 25 years, Pam has performed the service that any selfless parent would, acting as Josh's primary caregiver. He is able to live at home with his mother through a Medicaid program, rather than being institutionalized.

Pam Harris never set out to be a crusader, but her love for Josh may topple forced unionization of public employees nationwide.

Several years ago, the Service Employees International Union (SEIU) saw the financial assistance going to disabled adults like Josh and concocted a scheme to siphon off a portion of the money. In Illinois, former Gov. Rod Blagojevich (federal prisoner No. 40892-424) led an effort in 2003 to classify home help providers in the Medicaid program as employees of the state. SEIU was designated as the representative of the caregivers and 20,000 independent caregivers were required to pay fees to the union, deducted from the Medicaid payments provided to the disabled adults in their care – \$50 million and counting.

Pam Harris and several other caregivers decided to fight. To them, every dollar taken by the union was a dollar not available for their loved ones.

Their case is now pending before the U.S. Supreme Court. The Court is reviewing whether home help providers are actually state employees and whether the state can compel them to support a union because of their participation in a public aid program.

But a larger issue has emerged: Should any public employee be forced to financially

support a union? The Supreme Court is now examining whether it should overturn a 1977 decision in *Abood v. Detroit Board of Education*. In *Abood*, the court held that public school teachers who objected to the union's ideological activities were nevertheless required to pay the union, as a condition of employment, a fee

equivalent to the cost of union dues.

This question dominated the oral argument at the Supreme Court, which several colleagues and I attended in January. (The Mackinac Center

filed an amicus curiae brief in support of Pam Harris and her co-petitioners.) Pam Harris' attorney argued that the First Amendment should be interpreted to prohibit compulsory union dues. Justice Elena Kagan called it a "radical argument."

I'd suggest that what's radical is the concept that a public employee could be fired for refusing to financially support a private entity.

The *Abood* decision stands on shaky constitutional grounds. In recent opinions, justices have questioned the practice of forced unionization in the public sector. Justice Antonin Scalia labeled it an "extraordinary entitlement" and Justice Samuel Alito wrote that the compulsion is an "anomaly" that "appears to have come about more as a historical accident than through the careful application of First Amendment principles."

The loathsome scheme to take money from the needy – people like Josh Harris – may be the impetus needed to eradicate that "anomaly." His mother didn't intend to make history; she only wanted to do what's right.

Thanks, Pam. ■

MICHAEL J. REITZ



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Mackinac Center Legal Foundation Up to the Challenge

When the Teamsters Local 214 that represents public workers in the city of Dearborn instituted a new policy which penalized employees who resigned from the union, the Mackinac Center Legal Foundation was there.

Three employees, Shawn Koskyn, Maria Santiago-Powell and Greg Andrews, risked retaliation for taking a stand against this blatantly illegal policy. The policy forced non-union members to pay fees starting at \$150 to file a workplace grievance, while union members were exempt from these new fees.

This new policy flew in the face of seven decades of Supreme Court precedent and five decades of Michigan labor law. Unions are given special privileges by statute – monopoly privileges that a private-sector business would pay an arm and a leg to get, and all the unions have to do in return is represent all employees in their bargaining unit equally, union members and non-members alike. The Teamsters in this case apparently decided that these special monopoly privileges weren't enough, and felt the need to charge these discriminatory fees.

After the Mackinac Center Legal Foundation filed this lawsuit, the president of Teamsters Local 214, Joseph Valenti, belligerently defended the discriminatory policy. He told the press that our clients were “committing suicide” and vowed to “go to court if we have to and take it to the last.”

So it was surprising and especially gratifying when, in response to our lawsuit, the Teamsters backed down and changed its policy. Instead of discriminating against non-union members, the local instituted a new policy which states that “any charges the Union will require related to the

processing of grievances will be assessed on a non-discriminatory basis.”

Legal challenges to public-sector union practices can be especially daunting because of the way in which the courts exercise oversight. Michigan's law allowing public employees to unionize, the Public Employment Relations Act, provides that an administrative agency, the Michigan Employment Relations Commission (MERC), has jurisdiction over certain aspects of public sector employment – primarily unfair labor practices by the employer or the union. A problem can arise when trying to determine which court a challenge should be heard in. The unions will argue in circuit court that challenges to its actions should be heard in MERC; then turn around and argue at MERC that MERC doesn't have jurisdiction either. This legal ring-around-the-rosy ends much as the nonsensical nursery rhyme did: we all fall down.

This strategy was repeated in our Taylor case. The Mackinac Center Legal Foundation brought a suit on behalf of three Taylor school teachers, Angela Steffke, Rebecca Metz and Nancy Rhatigan, who were

forced to continue paying dues or fees to their union or face being fired. This status would have lasted for the next 10 years under the union's “insecurity” clause – a dubious collective bargaining agreement hastily enacted on the eve of the right-to-work law taking effect.

When the lawsuit was heard in the Wayne County Circuit Court, the judge there agreed with the union and said that these claims had to be heard at MERC. The teachers have appealed that court ruling, and the teachers also brought their claims to MERC, where the union promptly argued that MERC didn't have the proper authority to hear it either.

It is a Catch 22. Employees who are deprived of their rights can't bring their claim here, and they can't bring it there. The Mackinac Center Legal Foundation has run into this ruse before when it challenged the stealth unionizations of home-based daycare providers and home-based care givers.

These lawsuits demonstrate both the ability of the Mackinac Center Legal Foundation to make changes for the better, and the ongoing challenges we face when doing so. ■



From left to right: Shawn Koskyn, Maria Santiago-Powell and Greg Andrews

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 Josh Beckett.



MCPP: Tell us about your family.

Josh Beckett: My parents were married when they were 19 years old. They were high school sweethearts and knew they were meant to be together the rest of their lives.

They had nine children, which I am one of. My mom sacrificed her time and resources to homeschool all nine of us. She could have done many other things during that time, but she chose to instill a quality education into all of us. Homeschooling is not for everyone, but everyone should have the choice of how their children should be educated. Why limit the educational choices of anyone? Not all children are the same. So why would we think that one style fits all?

Our education focused on instilling character into all of us. Being honest, hardworking and always fighting for the little guy. That's how we were taught. We were taught to be productive. All of us kids have a role in our family business and we work very well together.

MCPP: What do you do?

Beckett: We created Beckett Family rentals back in 2000. Eight years later, we established Beckett Investments, and then Beckett Property Management in 2010.

We purchased 150 homes. Some of them had been drug houses and abandoned for years. We took a chance on these crumbling homes with no guarantee of a return. Now, we have renovated them to where the new owners and the neighbors can be proud of them. There's

now a greater tax base from these homes for the city of Grand Rapids.

It could have been a huge failure, but that's the risk free people take.

Our grandparents grew up here. Some of the areas have been neglected over the years. Our mission is to redeem them and make things better for everyone.

My mother works in collections for our rentals. She has such a sweet demeanor and works with those who are struggling to pay their bills. She knows our clients by name. My mother helps educate some of our clients regarding personal finance and how to make wise money choices.

MCPP: How did you find out about the Mackinac Center?

Beckett: We have been fighting the land bank in our area. We believe it's wrong for the government to be able to seize property and then choose who is able to buy it. That's favoritism. We believe an auction is fairer for everyone. If someone has the money and wants to purchase a property, why should government stand in the way and deny one person from purchasing property and choose who will purchase the property? The government should not act as a "middle-man." People should be free to make voluntary choices on their own.

Many times, government keeps these properties vacant when there are buyers with cash in hand ready to do something with them.

The Mackinac Center advances liberty and opportunity for all people. It doesn't pick favorites or winners and losers. It believes everyone should have the same opportunity to achieve success and works to keep government in its proper place.

We found out that the Mackinac Center had written quite a bit on land banks, and that's how we got connected with the organization. We love the work the Mackinac Center does and how it supports the freedoms that made America great.

MCPP: If you could change something in Michigan, what would it be?

Beckett: I think the government has gotten too big on the local, state and federal level. Every time the government increases restrictions and regulations, things often get more expensive and that hurts the low- and middle-income folks that we help with housing. Oftentimes the intention of a bigger government policy seems noble, but the results tell another story.

I would change the size of government, making it much smaller. I believe government should protect us and provide basic functions, but it's gotten out of control. It's no wonder many citizens have little-to-no confidence in their elected leaders.

I feel that our rights are being eroded every day. I'm glad the Mackinac Center is out there fighting to restore them. ■

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

SCHOOL CHOICE

(Editor's note: This commentary originally appeared in The Kalamazoo Gazette on Feb. 19, 2014.)

In a recent MLive poll, nearly two-thirds of readers voted that school choice has “destabilized public education,” which “hurts everyone.”

This is a reflection of the narrative many media outlets have portrayed, rather than the facts. In truth, Michigan’s educational options are helping students and parents access better schools.

In January 2013, Stanford University published the most detailed and far-reaching study of Michigan charter public schools to date. The study found that Michigan charter school students learn, on average, two months more of material every single year than their peers attending conventional schools.

It took MLive six months to report on that study, though the news site did publish opinion pieces written by others on the topic.

AnnArbor.com lead its story on the Stanford University study with this statistic: “...14 percent of the state’s charter schools have below-average growth and below-average achievement in reading.” In actuality, the study found that 82 percent of charter schools posted above-average reading growth, and the authors noted that “These findings position Michigan among the highest performing charter school states [we have] studied to date.”

The Huffington Post twisted its coverage of the study, stating in a headline that “Charter School Growth in Michigan Brings a Cautionary Tale on Quality.” The reporter virtually ignored the overwhelmingly positive growth data from the study.

With this sort of coverage, readers could be forgiven for wrongly thinking Michigan charter schools produce worse results.

In comparison to charter school coverage, Schools of Choice — a program that allows students to enroll in conventional schools outside of their resident districts — is often overlooked. In the past year, there were more than four times as many mentions of charter schools than of schools of choice on MLive, despite the fact that 100,000 students throughout Michigan use the program. That is a 144 percent increase over a decade ago and nearly as many students as those who choose to attend a charter public school.

It is unclear why the coverage of Schools of Choice is not as popular. After all, the same charges of increased segregation, marketing gimmicks and the need for “quality control” wrongly levied at charter schools could be directed toward this program. For critics of choice, it appears to be easier to point fingers at charter schools than at conventional districts that enthusiastically participate in this choice-based program.

AUDREY SPALDING

In any case, the use of Schools of Choice has actually been quite positive. The Mackinac Center recently analyzed the decisions of those 100,000 students and found that they tend to choose districts with higher test scores and graduation rates.

The finding shouldn’t be surprising. Michigan State University found the same result more than a decade ago using the same methodology.

While trends and marketing gimmicks may change over time, it appears that what parents and students want broadly stays the same.

The main goal of Michigan’s public education system is to benefit Michigan public school students. Thanks to public charter schools and Schools of Choice, Michigan students have more options, instead of having to attend a school determined by their home address. And Michigan-specific results show that students using choice are seeing higher rates of academic growth and are attending districts with better test scores and graduation rates.

A system that provides more options and better results is one to celebrate. Hopefully, news coverage will soon catch up with this reality. ■

Audrey has released a number of studies on education policy over the past year. Here are two of her most recent.



The Public School Market in Michigan — available online at Mackinac.org/s2013-11



Michigan's Top-to-Bottom Ranking — available online at Mackinac.org/s2013-07

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William "Ray" Arthur



Miriam Chanski



A TALE OF TWO TEACHERS AND THE 8,000 JUST LIKE THEM

They represent both sides of the public school teaching spectrum.

One is a hall of fame wrestling coach finishing his 35th year of education in northern Michigan.

The other is a second-year kindergarten teacher from the west side of the state.

Neither one of them had a problem with the Michigan Education Association until the union refused to allow them to withdraw from it.

The tale of Miriam Chanski and William "Ray" Arthur's quest for freedom began with them trying to work with the MEA. Both teachers let the union know, in writing, that they did not want to be part of it for the 2013-2014 school year.

Miriam sent her letter in June. Ray sent his in September.

But the union claimed neither could leave. It cited an "August window" time period where teachers could resign from the union, believing its bylaws somehow trumped Michigan's right-to-work law. Neither teacher had heard of this restricted time period.

The union admitted to not communicating when teachers could leave and bragged in October saying "99% of members remain with the MEA."

The MEA threatened Chanski and Arthur by saying it would turn them over to a collections agency and ruin their credit if they did not pay.

When all attempts to work with the union failed, they contacted the Mackinac Center for help.

The Center sprang into action, visiting both teachers in person to collect information of their situation.

With the help of the Mackinac Center Legal Foundation, the teachers filed unfair labor practice charges against the MEA.

Michigan Capitol Confidential informed the public about the "August window" issue with articles and videos that resonated with readers and viewers.

Michigan media outlets began picking up the stories of teachers treated unfairly by their union and being threatened and bullied to pay the union despite Michigan's worker freedom law.

On Dec. 12, 2013, National Review Online published a story titled, "Michigan Teachers Locked In: A union offers its members a narrow opt-out window that it tries to keep a secret." It featured Ray Arthur's story of struggle against an organization that he supported financially for 34 years and was now working against him.

The next day, Mackinac Center Legal Foundation Director Patrick Wright and Chanski appeared on Fox News's "The Sean Hannity Show." Miriam's story remained the top feature for four days on Hannity's website.

Miriam told MLive that in February the MEA offered her a settlement that included a gag order, which would have required her to keep silent about the case and the resolution. She refused.

The MEA finally backed down, and Chanski and Arthur left the union.

The victory came exactly 10 years to the month after the Mackinac Center triumphed over the MEA in a case of free speech (see page 14).

When MLive covered the teachers' victory, it quickly became one of the most commented on news story on its website.

Both teachers say they did not fight only for themselves. They said there are many more teachers in the same position who needed a voice and that they gave them that voice.

During a legal hearing, the MEA's executive director said that there are 8,000 members who have not paid dues.

While their backgrounds and locations are different, Chanski and Arthur have one main component in common: they're winners. They stood up for what they believed in despite pressure from colleagues and threats from a very large and powerful union.

And there are many other stories yet to be told. ■

MEDIA ACHIEVEMENT

Several of LaFaive's media interviews are recorded for your viewing pleasure on our YouTube page. You can view these by going to YouTube.com/MackinacCenter, or by scanning this QR code below.



For some, the perception of a think tank is a building full of intelligent economists poring over statistics, creating graphs and charts, and conducting original research in closed-door offices not to be bothered by the outside world.

While that may be true for some organizations, the Mackinac Center is quite different, with its influence spreading far and wide from 140 W. Main Street in Midland.

Through the years, Michael LaFaive has made it his mission to reach out to media outlets and become a go-to source for free-market public policy issues.

His numbers speak volumes. LaFaive began working at the Mackinac Center in 1995, but did not begin recording his media interviews until 2003.

From 2003 to early 2014, LaFaive has given more than 1,300 media interviews.

An athlete who can competently play various positions is known as a "utility player." LaFaive has demonstrated his utility by his versatility in meeting reporters' deadlines with quick, easy-to-understand answers to complicated questions.

With a 24-hour news cycle, information sources must be nimble and accessible,

even during inconvenient times.

Whether it's the holidays, weekends, or late at night, LaFaive has proven that media requests are a top priority for him.

"I once gave a television news interview from my driveway. It was the only

time and location that worked out for the reporter and me," LaFaive said.

His interviews have been seen and read in a variety of outlets, including local, state and national television, radio, newspapers and electronic news sources.

But he doesn't shy away from lesser known establishments.

"When school newspapers ask me what I think about a particular public policy issue, I always call them back. Information is too valuable to keep to yourself."

In recognition of his accomplishments, the Mackinac Center presented him with a plaque that reads:

"In recognition of a prolific endeavor to educate the public on free-market economic solutions by educating the media, the Mackinac Center for Public Policy acknowledges Michael D. LaFaive, director of the Morey Fiscal Policy Initiative, for tallying more than 1,300 media interviews since 2003.

"The public policies of the state of Michigan would look quite different without his voice giving clear, concise and common sense guidance." ■

QUICK FACTS AND FIGURES

In 2007 and 2010, LaFaive had 126 interviews

Lowest number of interviews was 2005 at 87

Highest number of interviews was 2009 with 162

FARM BILL FULL OF CORPORATE WELFARE

Including some for 'farmers' who don't even farm

The Farm Bill that was recently signed into law by President Obama at Michigan State University received bipartisan support from Michigan's Congressional delegation. Sen. Debbie Stabenow praised the Farm Bill for supposedly reducing the federal deficit by \$23 billion while continuing to aid agriculture, which she claimed is Michigan's second largest industry. Both claims are misleading, and the Farm Bill overall leaves little to celebrate.

Agriculture is not Michigan's second largest industry. Only by counting economic activity from businesses that only have a remote link to agriculture, such as restaurants and grocery stores, can this industry be considered a major player in Michigan's economy. Even then, a multiplier is needed to turn income generated from these businesses into new jobs in fields even further removed from agriculture. Using a more conventional definition of agriculture, the U.S. Bureau of Economic Analysis estimates that agriculture comprises approximately 1 percent of both the U.S. and Michigan economies, employing approximately 1.5 percent of workers. Not since 1900 has more than 1 in 10 workers been directly employed in the agriculture industry.

The \$1 trillion Farm Bill spends approximately \$750 billion on the Supplemental Nutrition Assistance Program (SNAP, or more commonly

known as "food stamps") and approximately \$90 billion on crop insurance subsidies over the next 10 years. One might wonder how a bill that spends \$1 trillion over 10 years can reduce the federal deficit. The answer comes from how those in Washington frame deficit reduction. Since the new Farm Bill is projected to spend less than a continuation of the old Farm Bill that expired in 2012, this is coded as "deficit reduction." More than half of this deficit reduction does not occur until after 2018.

CHRISTOPHER DOUGLAS

The Farm Bill winds down the much criticized \$4.5 billion in annual direct payments to farmers (some of whom do not even farm) and cuts \$8 billion over 10 years from SNAP. However, the SNAP savings are offset by a \$7 billion increase in subsidized crop insurance, purchased by farmers to help offset losses should crops fail. It is unclear why these subsidies are needed: Crop insurance is a functioning market, and crop failure is a risk farmers would naturally want to insure against. It seems this insurance market would exist all on its own. Regardless, taxpayers will subsidize over 60 percent of these insurance premiums, whereas insurance costs are a cost of doing business that most other companies have to pay all on their own.

While it may have once helped protect the livelihoods of some small farmers

in the face of natural disasters, the current crop insurance subsidy program is primarily a handout to large insurance companies and agri-businesses. Just four crops – soybeans, wheat, corn and cotton – received 90 percent of crop insurance payouts in 2012. Further, the 18 insurance companies authorized by the U.S. Department of Agriculture to sell crop insurance are able to capture a sizable share of these subsidies for themselves, reaping about 20 percent of the subsidies, or \$10 billion in profits over the past decade.

The Farm Bill offers other unfair advantages to agri-businesses through its "price loss coverage" scheme. This sets minimum prices on 14 different crops and pays out if the price of these crops drops below these minimums. For instance, the minimum prices for corn will be near \$4 per bushel, a near record high that occurred during the ethanol-fueled run-up. If the price of corn drops below this amount moving forward, taxpayers will make up the difference to corn farmers.

Locking in inflated prices and higher profits at taxpayer expense is obviously appealing to large agribusinesses such as Monsanto, DuPont, and Archer Daniels Midland, who supply farmers with raw materials. This is why in 2008 these three firms alone spent \$4.3 million dollars lobbying for the 2008 Farm Bill. Other large companies benefit: The new Farm Bill also provides \$200 million a year in funding under

the "Market Access Program" that subsidizes firms such as McDonald's and Fruit of the Loom to advertise overseas.

Large sugar growers also won a sweet deal, as the Farm Bill renews the sugar support program. This program restricts the import of low-cost cane sugar in order to benefit high-cost sugar beet growers. Between 1982 and 2014, the U.S. price of sugar has averaged approximately twice the world price of sugar, costing consumers \$3.5 billion a year. Thousands of confectioner jobs have been lost over the years as confectionaries have moved overseas to take advantage of substantially cheaper sugar, including about 600 from a Life Savers factory in Holland, Mich. Despite these substantial costs to consumers, only 4,500 domestic sugar growers obtain benefits from the sugar support program, averaging out to \$750,000 every year per beneficiary. Worse yet, 42 percent of sugar subsidies go to the top 1 percent of sugar growers.

A lot of the support for the Farm Bill seems to come from an interest in the idea of "saving the family farm," a concept often romanticized by politicians and popular culture. Yet, the traditional "mom and pop" farm receives little of the farm subsidies. The bottom 80 percent of farmers receive, on average, \$5,000 per year. In contrast, 10,000 large firms receive farm subsidies of \$100,000 or more. The fact is that the agriculture business is

dominated by large firms: About 73 percent of all farm income comes from the biggest 5.3 percent of farms. This is not necessarily a bad thing

industry, and consumers get higher food prices. These two groups, though large, are unorganized, unlike the special interests pushing the Farm Bill.

A lot of the support for the Farm Bill seems to come from an interest in the idea of "saving the family farm," a concept often romanticized by politicians and popular culture. Yet, the traditional "mom and pop" farm receives little of the farm subsidies. The bottom 80 percent of farmers receive, on average, \$5,000 per year. In contrast, 10,000 large firms receive farm subsidies of \$100,000 or more. The fact is that the agriculture business is dominated by large firms: About 73 percent of all farm income comes from the biggest 5.3 percent of farms. This is not necessarily a bad thing per se, but the public should know that the Farm Bill is primarily supporting large firms at taxpayer expense

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Those who are concerned about sound public policy can find little to like in the Farm Bill. Special interests and large farms clearly benefit. Farmers get more than 60 percent of their crop insurance paid for by taxpayers and lock in a guaranteed revenue stream for crops. Sugar beet growers receive a domestic price of sugar that exceeds the world price. There is no economic rationale for keeping out lower priced imports from the U.S. market.

Politics always creates winners and losers, and the largest Farm Bill losers are taxpayers and consumers. Taxpayers face the cost of needlessly subsidizing a politically preferred

As government grows and hands out more and more special favors, it is the dispersed group that often gets stuck with the bill. ■

Christopher Douglas, Ph.D., is an associate professor of economics at the University of Michigan-Flint and a member of the Center's Board of Scholars.

ASSIGNMENTS, TRANSFERS, AND POSTINGS

order to assure that pupils are taught by teachers working within areas for which they are highly qualified as defined by the Michigan Department of Education, teachers shall be assigned, except in accordance with the regulations of the Elementary and Secondary Education Act (ESEA) and the Michigan Department of Education to subjects and/or grades or other classes within the scope of their teaching certificates and/or their major or minor fields of study.

Article 5
REDUCTIONS IN PERSONNEL

Unforeseen changes in student population or other factors may require the building principal to reduce the number of teachers employed by the District, teachers shall be laid off while a less senior teacher is not certified and qualified for the position to which they are assigned. This procedure shall be subject to the Michigan Teachers' Tenure Act. A teacher must satisfy the highly qualified teacher requirements as set forth in the State and Federal law and the qualification criteria set forth in Section D. The Association and District will work to secure work for teachers terminated for lack of work to see.

chooses to pay membership dues... will be considered by both parties a...
~~Authorization to deduct representation... will continue in effect without renewal... to change the authorization must submit... notice of such change of authorization must be submitted in writing to the Association...~~

ADDENDUM
11/28/20

Items in the addendum represent topics that are not subject to collective bargaining, and will be revisited if legislative action is taken.

ARTICLE V

B. Salary advancements, either through step increases or merit increases, shall be based on satisfactory performance.

ROADBLOCKS TO REFORM?

A REVIEW OF UNION CONTRACTS IN MICHIGAN SCHOOLS

AUDREY SPALDING

...ing in September... shall pay a total of... months they work in that year

~~The District agrees to transfer... authorize the District to...~~

...ge in grade... request with his...
District has an obligation to increase...
utive Director of Human Resources by

2. These teachers shall sign and cause to be delivered to the District within the...
Assignment of Wages form indicating their choice of one of the two conditions:
 - a. Full membership in the Association and payment of dues by payroll deduction cash directly to the Association.

...ed in writing of any changes in their assignments... including the schools to which they will be assigned, the...
...cts that they will teach and any special or unusual classes...
...ey will have, as soon as practicable and under normal...
...later than July 15, provided that in the event of a change in...
...conditions subsequent to July 15 (e.g. resignation) such...
...y be changed as required to meet the situation. The teacher shall...
...the reasons for any changes that become necessary after July 15.

...SUG...
...ualified...
...Tenure Act...
...ve the same re...
...and satisfy h...
...ll have pr...
...alified...
...mance

The Mackinac Center recently released a study on collective bargaining. Read this study online at mackinac.org/s2014-02. The Center also held an Issues and Ideas forum on this subject. To watch the video, visit Mackinac.org/19799

...teachers is taken by the Board of Education...
...reduction to afford the Association opport...
...duction.

VW and the UAW vs. Workers, Democracy and Free Speech

Apparently, “democracy” isn’t a satisfying answer to the United Auto Workers.

A week after Volkswagen autoworkers in Chattanooga, Tenn., declined to join the Detroit union by a vote of 712 to 626, the union appealed the election to the National Labor Relations Board.

The UAW claimed that “interference by politicians and outside special interest groups” skewed the vote. The main problem for the union, aside from the outcome, was that opponents exercised their First Amendment rights and stood up for workers without a voice.

Specifically, Sen. Bob Corker, R-TN, as well as several other elected officials, spoke out against the UAW effort. Other opponents included Americans for Tax Reform and the Competitive Enterprise Institute.

While a person unfamiliar with the intricacies of labor law may find that a union has the ability to stifle anyone’s speech preposterous, the UAW’s argument does have merit for employers. Federal labor law already strictly curtails what an employer can say to their employees when a union is trying to organize their business. An employer is forbidden from threatening, interrogating, promising or spying on his employees during this time. These actions are known by the acronym “TIPS.”

Unions, on the other hand, only violate the law if they verbally threaten or physically assault a worker. In many cases even these actions are not deemed illegal if a third party does the threatening.

Employers are allowed to tell their side of the story as long as the speech does not violate TIPS. Some employers, however, choose to cut deals, known as “neutrality agreements,” with unions before the election. In exchange for benefits or to avoid public relations smear campaigns, an employer will not counter the union’s organizing efforts.

Volkswagen entered into such a neutrality agreement with the UAW on Jan. 27. Because of the agreement, the UAW and Volkswagen were essentially on the same side. Without assistance from the outside, workers who opposed the UAW would have been drowned out by company-sanctioned UAW supporters.

VW went so far as to keep employees who thought joining the UAW was a bad idea out of the plant while letting union organizers in.

Further, VW filed the petition for unionization. This is very rare in labor organizing. They also helped bring a speedy election, not allowing the opposition time to make their case to the workers.

In exchange for VW’s assistance (or official non-opposition), the neutrality agreement included a clause assuring the German car manufacturer “the UAW would delegate to the Works Council many of the functions and responsibilities ordinarily performed by unions as bargaining representative in the United States.”

The agreement went on to state that this Works Council would act in “maintaining and where possible enhancing the cost advantages and other competitive advantages that VWGOA enjoys relative to its competitors in the United States and North America, including but not limited to legacy automobile manufacturers.”

In saying no, the workers bucked both their company and the UAW.

According to the Associated Press, UAW “annual dues collected were down more than 40 percent to \$115 million from 2006 to 2012, as the union’s ranks fell by 30 percent.”

The union’s total membership has dropped to 377,000 down from a high of about 1.5 million in 1979. As UAW President Bob King has bluntly stated, “If we don’t organize these transnationals, I don’t think there’s a long-term future for the UAW – I really don’t.”

Because of this drastic decline of membership and subsequently dues collection, it clearly would have been advantageous to the UAW to unionize the Volkswagen workers, particularly in the less unionized areas like the South. The outcome of the vote suggests that the UAW felt it needed the VW workers more than the VW workers felt they needed the union.

Volkswagen’s cooperation is less easily explained. It could be the promise of having the union make any painful labor changes, or that Volkswagen’s deputy board chairman is Berthold Huber, the former head of Germany’s IG Metall union.

Or it could simply be that VW is worried about the threat of the UAW mounting a negative public relations campaign against companies that oppose them.

In December 2011, the UAW released its “Principles for Fair Union Elections.” If companies resisted and did not sign a neutrality agreement similar to the one with Volkswagen, Bob King threatened the UAW would “launch a global campaign to brand that company a human-rights violator.”

The “Principles” also required a company to take away the secret ballot from workers. Volkswagen resisted that effort, even though they sped up the election process. The UAW originally wanted to organize the Chattanooga plant via a card check election, where all a union needs is a majority of workers to sign cards for the union to be recognized as the representative of the employees. Card check elections can lead to intimidation and coercion of employees because they are done out in the open without the protection of a secret ballot.

The election loss is another example of why card check is a poor organizing method. A majority of VW employees signed cards last year, but the February vote shows that there might have been credence to those opposed to the UAW. Eight employees, represented by the National Right to Work Legal Foundation, charged that “the UAW solicited, enticed, and/or demanded VW employees’ signatures by unlawful means including misrepresentations, coercion, threats, and promises.”

Regardless of the promise of benefit or the removal of a threat, Volkswagen sided with the union over workers who wanted to remain in charge of their own destiny.

As of this writing the UAW’s appeal is before the National Labor Relations Board. Sen. Corker has asked the board to “understand and realize the magnitude of what they are going to be deciding and in no way will try to muzzle public officials who are community leaders from expressing their point of view.”

If the board decides to redo the election it will not just be a blow against worker self-determination, but also against free speech. ■

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

F. VINCENT
VERNUCCIO

The Mackinac Center, Free Speech and the MEA

It was 10 years ago this March that the Mackinac Center and the First Amendment scored a major victory against the Michigan Education Association when the Michigan Court of Appeals rejected the union's lawsuit against us.

LAWRENCE W. REED

Both the lawsuit and its outcome affirmed some very important truths. In an age when truth too often gets

swept aside in favor of less lofty things, this was refreshing and exhilarating. Was it of "Biblical" proportions? No, but it was nonetheless a David vs. Goliath moment.

In one corner was an upstart, privately funded (which means voluntarily funded) think tank in little Midland with a staff of 30. In the other was a giant East Lansing-based labor union – funded by compulsory dues – with a staff 20 times larger, extracting cash from more than 100,000 Michiganders whether they liked it or not.

But thankfully, truth is not a numbers game. You can be alone and you can be right,

as my old Grove City College economics professor Hans Sennholz used to say.

The background to the court battle is crucial to the story. Goliath in this case harbored a smoldering grudge against David, thanks to a string of previous skirmishes.

The Mackinac Center appeared on the Michigan scene in 1988. It was a time when Big Labor dominated Capitol corridors and the MEA was chief among them. From the most humble origins rose a voice to challenge prevailing orthodoxies. We put school choice on the public radar screen, but the MEA didn't want to hear it. Over the MEA's objections, we made household words of "privatization" and "competitive contracting," even as our research exposed that at its own headquarters the union was a frequent practitioner of both.

A funny thing happened on the road to Censorship City: a big orange cone called free speech. When then-MEA President Luigi Battaglieri in 2001 said "Frankly I admire what the Mackinac Center has done," we quoted him on it. The union sued,

seeking access to our donor list. The Court of Appeals wasn't buying it. The smoke cleared and there was Goliath flat on his face. An eternal principle was upheld: When you call a press conference, don't be surprised if you actually get quoted.

Many Michiganders never thought of the giant the same way again. Even editorial writers who rarely shared our perspective assailed Goliath for his anti-social behavior. We proved that standing your ground for what you know is right can pay big dividends.

All colorful metaphors aside, the Mackinac Center's win in this important case truly was one for the history books. It must be understood as much more than a victory for a defendant in a single lawsuit. It was a triumph for all residents of Michigan. If you believe in the strength of argument over intimidation, the power of truth over deception and the virtue of choice over monopoly, this was your victory too! ■

Lawrence W. Reed is president emeritus of the Mackinac Center.

Minimum Wage Hike Puts Politics Over People

It's an election year, meaning most politicians will be more interested in good politics rather than good policy. Reeling from woes created by the Affordable Care Act (Obamacare), many legislators are turning to an issue that polling data shows to be popular: Hiking the minimum wage.

JARRETT SKORUP

Perhaps this issue is good politics, but it has negative consequences that harm real people.

Minimum wage laws make it illegal to be employed for less than a set amount mandated by government. The main arguments in favor of raising this wage floor rest primarily on two premises. The first is that politicians can do a better job of setting an appropriate level of compensation than employers and employees would on their own in a free market. The second is that wage controls benefit poor people.

The first premise operates under the assumption that wages, low or high, are set by employers. That is incorrect: Compensation is the result of a negotiation (implicit or explicit) between the employer and employee. Nobody is forced to work a job and nobody can be forced to offer one. Wages are also influenced by the labor market; that is, the supply and demand

of particular skill sets. The best way for a worker to raise his or her wage is to gain the knowledge, experience and skills that would make him or her more productive and more valuable to employers.

Consider the fact that the median starting annual salary of a petroleum engineer is nearly \$100,000, while many fast food workers earn under \$10 per hour. Is this because the oil and gas companies are simply more generous than McDonald's? If wages were just set by employers, why would anyone make more than the minimum?

Understanding this helps explain why the second premise, that minimum wage mandates help the poor, is also incorrect. As my colleague Michael LaFaive has pointed out, the only true minimum wage is zero. That is, if an employer believes a worker is worth \$9 per hour, and the government mandates paying him \$10 per hour, the business will likely lay that worker off. The quickest route to poverty is the absence of income – something that happens to more people when government wage mandates are passed.



It's revealing, then, when Census data analyzed by professors Joseph Sabia from San Diego State University and Richard

Burkhauser from Cornell

University showed that less than 15 percent of workers earning under \$10.10 per hour live in poor households. In fact, most lived in households that are relatively wealthy.

Low-skilled workers are the first to be laid off

when the government mandates higher prices on businesses via a minimum wage. Earning \$0 per hour is much worse than \$5, \$7 or \$9 per hour.

Of equal significance, all workers have to start on some rung of the labor ladder. By gaining skills and experience, they can move up that ladder and eventually earn more. But minimum wage laws raise the lowest rungs, making it harder for people to get their start and effectively trapping them in poverty. That's bad for everyone. ■

Jarrett Skorup is research associate for the Mackinac Center.



Why Michigan Needs More Immigrants

In the most recent Census, Michigan was the only state to have a lower population in 2010 than in 2000. The state also saw the largest economic decline in the nation over this period. A friendlier environment for immigrants would help.

The Mackinac Center recently hosted a panel on “Free Market Approaches to Immigration Reform.” While immigration is largely a federal issue, Gov. Snyder is working to make Michigan a magnet for new Americans by asking for extra visas and other exceptions to current governmental restrictions.

The event featured Helen Kriebler, founder and president of The Vernon K. Kriebler Foundation; Alex Nowrasteh, an immigration policy analyst at the Cato Institute; and Bing Goei, a Grand Rapids businessman appointed by Gov. Rick Snyder to head the Michigan Office for New Americans.

Kriebler’s foundation created the “Red Card Solution,” a plan that curbs illegal immigration by offering non-citizen work permits that do not lead to citizenship.

She based her ideas on America’s founding principles: that all people are created equal; that limited government and free markets work best; and that businesses should be able to operate without endless interference from government.

Nowrasteh focused on low-skilled immigrants and pointed out that the only area of the federal government more complicated than the immigration system is the income tax.

The government micromanages the current system, and if someone wanting to become a citizen is not high-skilled, they have a very slim chance of legally participating in the American dream. And since foreigners are twice as

entrepreneurial as current citizens, we are harming ourselves by limiting them.

His plan is simple: Allow any non-criminal to become a citizen for a fee but deny them welfare programs.

“Let’s build a wall around the welfare state, not the country,” Nowrasteh said.

Goei looked at high-skilled immigrants, pointing out that there are simply not enough native born students to fill the science,

technology, engineering and math (STEM) jobs Michigan has and is projected to have in the future.

“We have 26,000 international students. Out of those, about 10,000 are in STEM degree work,” Goei said. “Businesses cannot wait until Congress does something, so the state is doing what it can now.”

Currently, high-skilled immigrants are coming to America and getting degrees or working here for a short time and then returning home to wait in line for 10 years. That’s a long time to wait for people who would contribute to the American economy.

A nation’s most valuable resource is its people. Michigan would be wise to encourage more of them. ■



From left to right: Helen Kriebler, Bing Goei and Alex Nowrasteh. Watch a video of this event at Mackinac.org/19759

BY THE NUMBERS

8,000: According to the MEA, the amount of members who haven’t paid dues this year.

65.5: The percentage of Michigan public school districts that contracted out its food, custodial or transportation services in 2013.

\$5: The amount of money the City of Westland used to charge prior to executing a Freedom of Information Act request. When the Mackinac Center sued the district for violating the law, Westland dropped the gate-keeping fee.

60: The percentage of the largest 130 Michigan public school district union contracts that contain language that appear not to comply with 2011 reforms.

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