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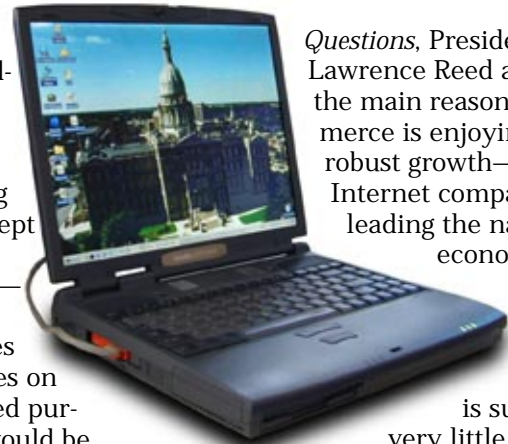
Report: Keep Internet Taxes Offline

A heated national debate is raging among federal, state, and local officials over whether or not to tax the exploding growth of "e-commerce" on the World Wide Web, which totaled roughly \$20 billion in 1999 and is expected to increase dramatically in the years ahead.

A new report from the Mackinac Center for Public Policy, released in March and sent to journalists and state and local policy-makers, analyzes the questions and

issues surrounding the Internet debate—including the concept of "tax fairness"—and concludes that levies on Web-based purchases would be detrimental to both business and consumers.

In *Internet Purchases: To Tax or Not to Tax, Here Are The*



Questions, President Lawrence Reed argues that the main reason e-commerce is enjoying such robust growth—and Internet companies are leading the nation's economic

boom—is because the Internet is subject to very little direct taxation. He cites studies that estimate sales taxes on electronic commerce could reduce the number of online See **"Internet"** on page 4

Lower Tariffs Fuel Michigan Economy, Analysis Shows

Lower tariffs enacted under the 1993 North American Free Trade Agreement (NAFTA), far from causing massive unemployment in Michigan, are instead proving to be a significant boon to the state's economy, according to a study released in December by the Mackinac Center for Public Policy.

The 27-page study, sent to state and federal officials including NAFTA opponent U.S. Rep. David Bonior and NAFTA supporter President Bill Clinton, was prominently featured in the January 3

Investor's Business Daily. (See page 4 for other media coverage.)

The newspaper cited the Center's findings that Michigan exports to Mexico and Canada have reached record levels under NAFTA, which lowered tariffs on goods traded among the United States and those two countries. Overall, exports to Mexico and Canada increased 40 percent and 72 percent, respectively, according to U.S. Department of Commerce data analyzed in the study.

NAFTA opponents predicted that increased free trade would decimate Michigan's auto industry, but the study shows that Ford Motor Company products went from less than one percent of the Mexican auto market before NAFTA to 11 percent by 1996. General Motors' vehicle exports to Mexico, close to zero prior to NAFTA, achieved a 1997 level of over 60,000 autos. DaimlerChrysler exports to Canada and Mexico increased from 49 percent of the company's total exports to 66 percent after NAFTA took effect.

See **"NAFTA"** on page 10

"The progress of the world depends almost entirely upon education."

— Philanthropist and Eastman Kodak Company founder George Eastman.

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Lawrence Reed
President

The Best and the Brightest

There was a time not so long ago when many Americans used the phrase “the best and the brightest” to refer to those in *public* service—i.e., elected officials and other government policy-makers. One sign that we are winning the battle for civil society over political society is that this is no longer the case. Today when people talk about the best and the brightest, more often than not they are speaking of individuals who are succeeding in the *private* sector.

Perhaps nothing illustrates this trend better than a recent *U.S. News & World Report* story that reported a majority of public-policy graduates from Harvard’s John F. Kennedy School of Government go on to get private-sector jobs. To these grads, the very concept of “public service” has changed such that it is no longer synonymous with government employment.

At the Mackinac Center for Public Policy, we employ the best and the brightest in our mission to advance sound economic policy in Michigan. We put a premium on finding people who exhibit traits of leadership, passion, and ability—people who know that the success of an organization depends in great measure on each employee’s commitment to working as a member of a team.

Recruiting the best and keeping them is no easy task. Especially in today’s extraordinarily tight labor market, it requires great care, thought, and resources. But Mackinac Center members and supporters like you can help us—and our cause of economic freedom—in many ways. One way that you may not have considered is recruitment. Whenever you are acquainted with a top-flight, goal-oriented individual who possesses the traits I’ve mentioned above, why not encourage him or her to consider a career at the Mackinac Center for Public Policy?

We are a vibrant, growing organization with a wide array of career opportunities. For the right people, these opportunities represent a ticket to the Mackinac Center’s extraordinarily promising future. Highly motivated professionals who work well as part of a winning team and are eager to help us make history will find a position with us very rewarding. Openings are described on our Web page, www.mackinac.org. You or anyone else may also call our senior vice president, Joseph Overton, to secure written job descriptions and more information.

We on the Mackinac Center staff think of you, our faithful friends and supporters, as a vital part of the Mackinac Center family. We invite you to help us continue building the premier team of the nation’s 40 state-based, free-market research institutes by keeping a watchful eye out for the best and the brightest. Thank you for your thoughtful consideration of this important element of our success!!

We put a premium on finding people who exhibit traits of leadership, passion, and ability.

Anderson Educates Policy-makers about School Choice

Scores of legislative aides, policy-makers, and state officials gathered to learn more about school choice and the looming Kids First! Yes! voucher ballot proposal at the Mackinac Center for Public Policy's February Issues and Ideas luncheon in Lansing.

Speaker Patrick Anderson, managing director of the Anderson Economic Group and a co-author of the ballot proposal, explained to the audience why allowing parents greater freedom to choose the best schools for their children is vital to improving education for all children.

Far from damaging public education, school choice will engender competition among all schools—public and private—creating incentives for each school to innovate, he said.

Anderson emphasized that school choice is not a new idea and that the state's constitutional amendment prohibiting K-12 tuition vouchers and tax credits was enacted in 1970. The Kids First! Yes! proposal seeks to overturn that amendment and allow families in failing school districts to use vouchers to choose better schools for their children.

Anderson's talk to Lansing policy-makers came as the



Anderson is a co-author of the Kids First! Yes! voucher proposal, which will appear before voters in November.

Mackinac Center's Education Reform Leadership Training Seminars gather greater momentum in their goal of educating Michigan parents, church leaders, and other citizens in the benefits of school choice (see story on page 6).

Kids First! Yes! is a coalition of educators, parents, policy-makers, and business and community leaders promoting greater choice in elementary and secondary education.

Issues and Ideas luncheons are regular forums, in Lansing, that provide government officials with the best understanding of legal, historical, economic, and philosophical principles to enable them to support and advance sound public policy. ■

Mackinac Center Hosts State Political Leaders

On February 4, the Mackinac Center for Public Policy hosted 100 Republican party members, candidates, legislative assistants, and policy-makers at a reception for attendees of the Republican State Committee meeting, held by the state GOP at Midland's Ashman Court hotel.

The State Committee, the governing body of the Michigan Republican Party, meets quarterly to discuss issues and strategy. Republicans control all three branches of state government, which includes the governorship, the Supreme Court, and both houses of the legislature.

The Center's full-time policy staff guided party leaders as they toured our 17,000-square-foot office, research, and

conference facility and helped themselves to recent Mackinac Center policy research and publications on school choice, labor, privatization, and other issues.



State Representative Sandy Caul, on her second visit to the Mackinac Center in February, praised the Center's research and credited its recommendations with "helping keep those of us in the legislature on the right path."

Mackinac Center President Lawrence Reed addressed the crowd of guests, which gathered in the Morey Conference Room to be

inspired by a video of former President Ronald Reagan's 1987 challenge to Soviet dictator Mikhail Gorbachev to tear down the Berlin Wall. Reed reminded the audience of the important role of ideas in shaping dramatic world events, including the collapse of communism.

Several state legislators effusively praised the Mackinac Center for its efforts in effectively advancing the principles of free markets, limited government, and individual liberty in Michigan. "The Mackinac Center has had a tremendous impact on Michigan's future, and it will for many years to come," State Senator

Bill Schuette of Midland told his colleagues.

Other state legislators who attended the event included Representatives Sandy Caul (Mt. Pleasant), Jim Howell (St. Charles), Bruce Patterson (Canton), Tony Stamas (Midland), and Senator Thad McCotter (Livonia). U.S. Congressman Dave Camp led off the remarks with words of thanks to the Center for its solid policy research.

"The Mackinac Center is always grateful for the opportunity to speak with members of Michigan's major political parties, who have such a strong influence on state public policy," Reed told reporters for the *Midland Daily News*, which gave the event front-page coverage. ■

Mackinac Center Research Good as Gold to News Media

The Mackinac Center for Public Policy is ubiquitous in Michigan newspapers, including the state's two largest dailies. The trust print journalists continue to place in the Center's research reaffirms the findings of our 1998 survey of editors, in which 77 percent described our *Viewpoint* commentaries as "very accurate." Here are just a few of the hundreds of last quarter's media highlights:

- "A few years ago, the Mackinac Center . . . unveiled a plan to privatize public school districts. The whole notion seemed so outlandish, few educators and reporters took it seriously." Thus began a February 15 *Detroit Free Press* story, which went on to credit the Center's prescience as Inkster Public Schools announced Edison Schools, a for-profit company, would take over management of the troubled district after

decades of enrollment losses and plummeting test scores. Director of Education Policy Matthew Brouillette was quoted in the front-page story, explaining how private companies can be held immediately accountable for performance in a way traditional public school administrations cannot.

- The Mackinac Center's December report on the five-year success of lowered tariffs under the North American Free Trade Agreement (NAFTA) received wide coverage in Michigan and national newspapers, including *The Detroit News* and *Investor's Business Daily*. Study authors Paul Kengor, a Center adjunct scholar, and Policy Analyst Michael LaFaive co-wrote a December 19 *Detroit News* op-ed that documented Michigan's increased exports to both Mexico and Canada.
- In a January 28 *Detroit News* op-ed, Director of Labor Policy Robert Hunter

warned against the Clinton administration's plan to expand the Family and Medical Leave Act using state unemployment funds. Hunter explained the irresponsibility of raiding Michigan's unemployment fund, which provides workers with a safety cushion in times of economic distress.

- In a December 9 *Detroit Free Press* op-ed, Mackinac Center Adjunct Scholar Don Carrington criticized as unfair and ineffective Michigan and other state governments' practice of offering special tax breaks and subsidies to selected companies that promise to "create jobs" in a state.
- Policy Analyst Michael LaFaive illustrated Carrington's point about the unfairness of government economic favoritism in a February 8 *Detroit Free Press* essay that exposed a \$5.1-million deal the state made with Boar's Head Provisions, a New York-based firm that will directly compete with

family-owned Koegel Meats of Flint.

- A February 4 *Detroit News* editorial on Detroit schools cited the Mackinac Center's research showing that privatization of support services had allowed some Michigan school districts to save as much as 30 percent.
- In a December *Detroit News* feature, President Lawrence Reed assigned the state legislature a grade of C+ one year after term limits replaced more than half of all Michigan lawmakers. Reed explained in a subsequent half-hour interview on Detroit's WXYT radio that the legislature's biggest failing was not cutting government spending.!

"Internet" from page 1

buyers by 25 percent and total spending on Internet transactions by over 30 percent.

The report's release coincides with the impending adjournment of a special commission Congress impaneled in 1998 to study the issue of Internet taxation. The commission is expected to send its recommendations to Congress in April, a year-and-half before the Congressional three-year moratorium on Internet taxation expires in October.

Meanwhile, revenue-hungry policy-makers are weighing in with their own recommendations. The National Governors' Association, the National Association of Counties, and the U.S. Conference of Mayors all support some form of Internet taxation.

In February, Governor Engler testified before Congress that he favored improving collection of current sales and "use" taxes, which already apply to Internet and catalog sales in

Michigan. He added that he opposed federal efforts to either create new taxes or interfere with states' rights to set their own tax policies.

Economic researchers and a handful of state governors led by Virginia Governor James Gilmore point out that collecting revenue from the Internet is far from necessary at a time when many states have record-high budget surpluses (Michigan currently has \$1.2 billion in its "rainy day fund").!

Ordering instructions for the report are available on page 11.

Promotion Recognizes Smith's Leadership, Commitment

Christina K. Smith has been named the Mackinac Center for Public Policy's new vice president for advancement.

Since joining the staff in August 1999, Christina has displayed a tireless dedication to leading the Mackinac Center's major gifts and membership programs to new heights. Her promotion recognizes not only her leadership ability and experience but also her unflagging personal commitment to the principles of limited government and individual liberty.

"Christina's exceptional strategic planning skills and extensive development experience—along with her

familiarity with, and devotion to, the broader free-market movement—position the Mackinac Center for extraordinary institutional growth in the years ahead," President Lawrence Reed said.

Christina leads a team of advancement professionals that is responsible for the Center's major gifts fundraising, annual giving programs, membership recruitment, and planned giving programs in support of the organization's current \$2.7-million annual budget and its longer-term institutional growth.

Prior to joining the Mackinac Center, Christina spearheaded successful advancement programs at the Acton Institute for the Study of

Religion and Liberty in Grand Rapids, Michigan and the Intercollegiate Studies Institute (ISI) in Wilmington, Delaware.

She earned her master's degree and has pursued doctoral studies in international relations from the University of Virginia and served as a political consultant and research fellow for the government of Kuwait. Her public-policy recommendations encouraged the growth of a more robust civil society in Kuwait in the wake of the devastating 1990 Iraqi invasion. Christina also is a recipient of ISI's prestigious Richard Weaver fellowship and numerous other academic honors.



Vice President for Operations Kendra Shrode (left) and Senior Vice President Joseph Overton (right) congratulate the Center's new Vice President for Advancement, Christina Smith, for her fine work in expanding the organization's outreach to new members from across Michigan and the country.

"I am delighted to join the nation's premier state-based public policy organization and to be a part of a dynamic team of first-rate policy professionals as we prepare for an exciting and critical phase of the Mackinac Center's strategic growth," she said. **!**

New Staff Members Provide Service with a Smile

Three friendly new faces are filling vital roles on the Mackinac Center for Public Policy's administrative staff, providing prompt and courteous service and information for Center contributors as well as other staff members.

Kara Malkowski is the newest addition to the Mackinac Center's advancement team, serving part-time as member services assistant. She is responsible for gift accounting, receipting, and other contributor stewardship programs and services for the Center's growing membership. Kara also has key responsibilities in helping to maintain and



From left to right, new staff members Angela Johnson, Kara Malkowski, and Katie Malisow see that Mackinac Center members feel "at home" when they visit the Center or support its operations.

develop our sophisticated constituent database.

"Kara's wealth of gift accounting experience at a major

university and strong talents developing our constituent database bring great benefits to our donor stewardship programs and enhance our effectiveness in providing first-rate service to our valued contributors," said Mackinac Center Vice President for Advancement Christina K. Smith.

Angela Johnson's welcoming voice greets the many policymakers, journalists, contributors, and others who call the Mackinac Center every day seeking policy information and expertise. Angela uses her experience working in Dow Chemical's legal and research departments to efficiently navigate the Center's extensive policy

archives and help process caller orders and inquiries.

Executive Assistant Katherine Malisow helps maintain Senior Vice President Joseph Overton's busy schedule of media interviews, speaking engagements, and policy debates. She also applies her organizational and accounting skills to aid him and Vice President of Operations Kendra Shrode in the administration of the Mackinac Center's ever-expanding staff and budget.

"Angela and Katie are seasoned professionals who understand the value and importance of teamwork, a key component of the Mackinac Center's success," said Shrode. **!**

Seminars Plant Seeds of School Choice at Grassroots Level

Another energetic group of parents, church leaders, home schoolers, teachers, and concerned citizens are armed with the



Senior Vice President Joseph Overton tells seminarians that “full school choice is inevitable” because parents want and need greater freedom to choose the best and safest schools for their children.

intellectual ammunition they need to effectively champion school choice in their communities, thanks to the Mackinac Center for Public Policy’s latest Education Reform Leadership Training Seminar, held in Midland February 26.

The day-long seminars provide rigorous instruction in the benefits and necessity of allowing parents to choose the safest and best schools for their children. Trainees learn from a hefty packet of school-choice materials that demonstrate where and how school choice has succeeded and refute common myths anti-school-choice forces use to protect the current government monopoly in education.

“The Mackinac Center’s Education Reform Leadership Project equips community leaders to educate their friends, neighbors, and co-workers about the need for greater school choice in Michigan,” said William Huber, Mackinac Center

education project manager and organizer of the seminars.

Mackinac Center Senior Vice President Joseph Overton and Director of Education Policy Matthew Brouillette engage trainees with a multimedia presentation that explains how greater competition in education will provide all schools with incentives to improve education for their student-customers.

Following the presentation, participants practice making economic, moral, and historical arguments for school choice in intensive role-playing sessions. A question and answer period allows everyone to develop particular themes further and offer comments and suggestions.

“The seminar helped me understand why competition through school choice is the answer to our education crisis,” said participant and former State Senator Alan Cropsey.

Education Reform Leadership Training Seminars (formerly known as Freedom in Education Training Seminars) are conducted monthly at the Mackinac Center for Public Policy’s headquarters in Midland, or by special arrangement with interested parties elsewhere in Michigan. The next seminar is scheduled for March 25. Call (517) 631-0900 to reserve your seat, or to arrange a seminar for your group. !

Center Helps Public-School Teachers Exercise Their Rights

Two new informational brochures published by the Mackinac Center for Public Policy are helping Michigan teachers and other public-school employees better understand and apply their legal rights to freedom of speech and association in unionized workplaces.

In March, 20,000 teachers in 34 school districts received *Teachers: You Don’t Have to Pay for Union Political Spending*, a concise question-and-answer pamphlet that explains how public-school employees can reduce their union dues payments by refraining from subsidizing their unions’ political and social agendas. The pamphlet also was sent to school board

members in every Michigan district.

Currently, most teachers are unaware of their rights under the 1986 U.S. Supreme Court decision, *Chicago Teachers Local I v. Hudson*, which requires public-sector unions to provide members who challenge the amount of their union dues with a full accounting of how dues are spent. Teachers who object to paying for union political spending need not pay that portion of their dues.

The teachers also received *My Union Doesn’t Represent Me: What Are My Choices?*, a pamphlet that explains how public-sector employees can



various representation options they might consider.

The pamphlet’s mailing was timed to coincide with the expiration of union contracts in the 34 targeted school districts, which include Dearborn, Flint, and Grand Rapids. By law, public-sector employees can vote to remove their unions only when their union’s contract is about to expire, has

vote out, or decertify, unions that are abusive or unresponsive toward their members’ rights. It also explains

expired, or has been in effect over three years.

Future mailings will ensure that over 100,000 Michigan public-school teachers learn of their rights through these two brochures. A copy of the Mackinac Center’s August 1999 comprehensive handbook, *Michigan Labor Law: What Every Citizen Should Know* is also available.

All three publications include contact information for Mackinac Center Director of Labor Policy and former National Labor Relations Board member Robert Hunter and other sources who can assist teachers who want more information. !

“Powerful” Mackinac Center Opposition Torpedoes Ferry Subsidy

The Mackinac Center for Public Policy is well known among journalists, policy makers, and community leaders for its timely and accurate research on vital Michigan issues including education, labor, privatization, and the environment.

But shedding the light of day on bad policy that would otherwise go unchallenged is another specialty of the Mackinac Center, and often the Center’s scrutiny of an issue is enough to make public officials re-evaluate policies that adversely affect citizens.

One such policy was a \$650,000 subsidy approved by the Michigan Economic Development Corporation (MEDC) for the city of Muskegon to support a new

ferry service to Milwaukee. The Mackinac Center discovered the owner of the proposed ferry service was a Wisconsin businessman with a financially troubled background of debt and lawsuits.

In an August 13 article for *The Detroit News*—later reprinted widely in other Michigan newspapers as a Mackinac Center *Viewpoint*—President Lawrence Reed pointed out that the new tax-subsidized ferry service would unfairly compete with Lake Michigan Carferry, a tax-paying and unsubsidized Michigan company based in



Michigan-based Lake Michigan Carferry Company, which takes customers aboard the S.S. Badger from Ludington, Michigan to Manitowoc, Wisconsin and back, would have faced subsidized competition if the MEDC scheme had gone through.

Ludington. Research by Reed and Policy Analyst Michael LaFaive prompted a flurry of stories in newspapers throughout the state, almost all of them highly critical of the state’s subsidy plan.

In January, state officials shelved the subsidy, alluding to “opposition” and “contro-

versy.” An MEDC spokeswoman announced the agency had reversed its decision to grant the subsidy, though it was still looking for a way to “come up with something that is going to work for everybody.” Sources close to the issue told Mackinac Center staff that the Center’s influence was both “powerful” and “the main source of the opposition the MEDC was getting.”

Though this particular subsidy appears to have gone away for now, the Mackinac Center will continue to point out the harmful effects that result when government pursues discriminatory “corporate welfare” policies that provide favored businesses with subsidies and special tax incentives at the expense of other firms. !

Honoring a Pioneer of the State-Based Freedom Movement

When the Mackinac Center for Public Policy first opened its doors in 1988, research and educational institutes that promoted sound public policy at the state level were few and far between. Today, more than 40 state-focused, free-market “think tanks” are helping policy-makers in 35 states cut wasteful spending and reduce burdensome taxes and regulations so families can improve their quality of life free from government interference.

The rapid and dramatic growth of the state-based free-market movement is no accident. It is due in large part to the extraor-

inary vision and generosity of Thomas A. Roe, Jr., whose passing on January 9, at the age of 72, saddens the many thousands who were touched by his kindness and benevolence.

Born and raised in Greenville, South Carolina, Roe was a successful businessman who transformed Builder Marts of America, Inc., a small building-materials supply company, into a Fortune 500 powerhouse with more than 350 outlets worldwide.

Not satisfied with his own success, Roe put his resources to work expanding the frontiers of freedom and opportunity for other citizens. In the

late 1980s, he helped found the State Policy Network (SPN), a trade association that promotes the work of the growing number of state and local research institutes nationwide.

Roe also was instrumental in supporting the Mackinac Center’s Leadership Conference programs, which twice-yearly bring public-policy research institute executives from the United States and other countries to the Center’s Midland headquarters to learn



Thomas Roe

ways of being more effective at advancing freedom in their communities.

“Thomas Roe’s legacy is the vibrant, active, and successful movement for individual freedom and free enterprise blossoming across the nation today,” said Mackinac Center President and SPN board member Lawrence Reed. “Roe was truly a hero whose contributions will live on in the form of freer, more self-reliant, and better lives for Americans everywhere.”

He is survived by his wife, Shirley, who is in her own right a major benefactor of freedom-loving people and institutions across America. !

Elsa Prince: A Michigan Treasure

Michigan is known for its beautiful and numerous natural resources that enhance and inspire a special quality of life our citizens enjoy.

But one of Michigan's greatest treasures, every bit as inspiring as the state's natural beauty, is its strong tradition of entrepreneurial genius, exemplary community leadership, and generous philanthropy. Mackinac Center friend and supporter and Holland resident, Elsa Prince, exemplifies the very best of this strong tradition in Michigan.

Elsa's love of Michigan and of freedom are the hallmarks of a life of personal and philanthropic concern for her fellow citizens. One of the many ways in which she expresses this devotion is through her support of the Mackinac Center for Public Policy. "Elsa Prince's devotion to the cause of human freedom inspires everyone who knows her," said Mackinac Center President Lawrence Reed. "She is truly one of Michigan's—and the nation's—most outstanding citizen-leaders."

Since 1991, hundreds of thousands of Michigan



Elsa Prince

citizens have benefited from her generous investments in the Mackinac Center's successful efforts to advance educational choices for families, reform welfare to encourage personal responsibility, and reduce onerous taxes that place undue burdens on hard-working families. Elsa's partnership also played a vital role in the Center's highly successful \$2.4-

million capital campaign for its new headquarters.

"The Mackinac Center tirelessly defends and promotes the founding principles that have made our country great: The freedom for individuals to dream, work, save, and succeed to the best of their God-given talents and abilities," she says. "I am pleased to invest a portion of the resources God has entrusted to me to help the Mackinac Center advance ideas and policies that allow Michigan citizens and families to achieve their personal goals and prosper in a freer and more just society." !

Investing in Freedom's Future

Several years ago, the president of the United States publicly thanked children who emptied their piggy banks and sent their pennies and nickels to Washington to help retire the national debt. Perhaps we chuckle at the children's naïveté in believing their small individual contributions could put a significant dent in a debt of more than \$4 trillion, but their innocent optimism is endearing and, in many ways, even admirable.

Sadly, however, those children's profound gesture—and President Clinton's willingness to accept it—reflects the unfortunate extent to which citizens too often surrender, and politicians too eagerly take, what is best left to individuals to freely invest.

Fortunately, the Mackinac Center for Public Policy's goal of transforming Michigan into the nation's freest and most prosperous state may be less daunting than retiring the national debt. Nevertheless, we could not achieve it without each and every *private* contribution we receive from generous individuals who freely choose to invest in ideas that are changing our world for the better.

Each year, hundreds of citizens, from Michigan and beyond, choose to make a wise investment in Michigan's future by contributing to the Mackinac Center's Freedom Fund. Your contributions to our Freedom Fund program provide the much-needed dollars to underwrite a wide array of educational programs and



Christina K. Smith,
Vice President for
Advancement

policy research that champion personal and economic freedom. Your investment helps to shift the window of public opinion toward self-reliance and individual initiative and away from dependence on government.

The Mackinac Center's 1999 year-end Freedom Fund appeal achieved a dramatic increase over previous years, bringing in record levels of support. We are grateful for this tremendous response and the partnership we enjoy with so many of you. These gifts equip us to expand parents' ability to choose the best schools for their children, end

compulsory unionism, reduce burdensome taxes, and encourage privatization of government services. Every gift to the Freedom Fund—whether from a personal "piggy bank" or an investment portfolio—amplifies our voice for freedom.

Helping Michigan citizens and our elected officials develop a deeper appreciation of free enterprise, limited government, and private property rights is a tremendous challenge. Your generous gifts to the Freedom Fund allow the Mackinac Center to provide the sort of sound economic education that will help all citizens, including our young friends who sent their pennies to Washington, to better understand sound economics and resolve to elect only those leaders who will pursue it. !

Freedom and Individualism

by Tibor R. Machan

Some fallacies are easy to detect. Consider the fallacy of composition: take a group of human beings and ascribe to it capacities only individuals can have. “Society says,” “We decided,” “America is violent.” Strictly speaking, none of these claims can be true. Society has no mind and mouth with which to say or do anything. Nor are we able to decide anything. You, I, and others may decide the same thing. That is the only sense in which we have decided.

Ordinarily when we say such things, it is usually well enough appreciated that we are taking linguistic shortcuts. “America is violent” is supposed to mean only that a significant number of folks in America are willing to deploy violent means to solve problems. Or it refers to the government and not to Americans at all.

Unfortunately, the care necessary to keep this in mind is not always diligently exercised. Karl Marx did not exercise that care when he said humanity is “an organic whole.” Strictly speaking, humanity has no convictions, thoughts, memories, imagination, intentions, purposes, or any other attributes of individual human beings.

So what, you say. Why fret?

Changing Standards

The problem is that once you forget that humanity comprises concrete human beings, instead of some big entity, the standards by which we evaluate societies

change. After all, it is sometimes necessary to sacrifice a part to save an organic whole. A cancerous organ or gangrenous limb is removed to save the person.

Thus holistic social thinking can have dangerous consequences. Some people’s goals, perhaps even their lives, will begin to seem available for sacrifice for the sake of others. Why? Because individuals are not seen as possessing the same rights to life, liberty, and property, but rather are regarded as parts of a whole whose priority is set by public policy.

Why is this kind of thinking even plausible? The reason is that in some contexts groups almost become a single entity. A close-knit acrobatic team, orchestra, or choir nearly exhibits single-mindedness. A jamming jazz ensemble not only works as a single musical unit, but also embarks on the kind of spontaneous innovation that we would usually expect only of individual human beings unencumbered by the necessity of pleasing others. It almost looks as though individuality has disappeared.

Yet it is precisely individuality that makes such cooperation possible. Failure to cooperate is also attributable to individuals, as, for example, when someone fails to understand what is needed to maintain unity. Complex cooperation requires the utmost concentration by the individual participants.

Indeed, there is usually a critical mass beyond which

groups *in pursuit of a single objective* cannot function well without central direction. A jazz group can jam and produce great music. A swing band cannot—too many people. The same is true with teams, choirs, and other large ensembles. The marketplace, which can comprise the largest number of people, succeeds precisely because there is no central direction and each member is free to pursue his own objectives. A free society has no purpose. Rather, it exists because it enables its members to achieve their own purposes, which they do by using spontaneous institutions to coordinate their activities.

Inspiring Harmony

Witnessing the beauty of harmonized activities aimed at a single purpose can be so inspiring that one might wish to see similar cooperation extended globally. When a modern-day Karl Marx envisions humanity acting like an organic whole, he extrapolates from the musical ensemble, convinced that what is possible for the small group could be, indeed ought to be, realized for the entire species.

Marx knew that this wasn’t possible and never had been. But his vision of its beauty formed a standard of humanity’s health and well-being, making it something to be achieved in the future and to be used in judging the present.

The big problem with this vision is that in life any given human being can

embrace only so many others, after which the fit will be forced and, indeed, must be coerced. Human beings are essentially individuals geared to moderate social entanglements. Our emotional make-up does not prepare us to be intimate members of a world society, or even of a country, in the sense that we are members of a family. America is not a family, nor is Ireland or Iran. Families are sized to permit their members, with some attention and vigilance, to stay close to one another—celebrate birthdays and weddings, attend to the sick, mourn the dead.

If we were the kind of collective beings Marx and other champions of collectivism have imagined us to be, we would have to spread our emotional energies way beyond what they are capable of. We would lose our capacity to love intimately, to care, and to be close. Circles of friends and families are reasonably sized so that one is not always torn between sadness about someone’s mishap and joy about someone’s good fortune. But if we attempted an intimate relationship with every member of humanity, nothing could be felt toward others because it would be canceled out by opposite feelings every time.

The kind of community that fits human beings can vary a good deal; some people are much more gregarious than others. Thus it must be left to free choice to discover how much intimacy is right

See “**Freedom**” on page 10

Viewpoint Commentaries

“Freedom” from page 9

and how many communities we can honestly join.

The individual’s right to choose freely whether to belong to this, that, or another group is the best moderator of our social capacities. We can overestimate or underestimate what we are capable of in this as in many other regards. But in the long run such things are best left to each of us rather than having visionaries impose an impossible and ultimately destructive social dream. !

Reprinted with permission from the December 1999 issue of The Freeman, published by the Foundation for Economic Education (FEE). Mackinac Center President Lawrence Reed is chairman of FEE’s board of trustees. See FEE’s Web site at www.fee.org.

“NAFTA” from page 1

“The NAFTA winners in Michigan do, in fact, appear to be outweighing the NAFTA losers,” write study authors Paul Kengor, Ph.D., Mackinac Center adjunct scholar; Michael LaFaive, Mackinac Center policy analyst; and Grady Summers, researcher for the Allegheny Institute for Public Policy in Pittsburgh. !

See page 11 to order the report, Trade Liberalization: The North American Free Trade Agreement’s Economic Impact on Michigan.

What Is Real Compassion?

January 2000 V2000-01

Some people measure others’ “compassion,” or lack of it, by whether or not they support increased government spending on social programs. The original meaning of the word, however, emphasizes *personal* involvement with the needy, not government checks.

Leave Internet Access to the Market

January 2000 V2000-02

Legislation that forces cable firms to share their high-speed Internet access lines with slower dial-up service providers would lead to higher prices and fewer options for consumers.

Property Owners: Beware of Watershed Management Districts

January 2000 V2000-03

In 2000, property owners should watch for the return of a flawed proposal—defeated by the Michigan House in December—that would levy new property taxes in the name of local anti-pollution measures.

Land Trusts: A Private Solution to Protect Michigan Farmland

January 2000 V2000-04

Some Michigan citizens have discovered a great way to protect the environment without relying on government. Private “land trusts” now protect tens of thousands of acres of Michigan wetlands, wildlife habitats, scenic views, forests, and farmland.

Celebrating Free Enterprise and One Hundred Years of Kodak Moments

February 2000 V2000-05

The story of Eastman Kodak Company founder George Eastman and the first mass-produced camera is an inspiring example of what is possible when people are free to work hard and reap the rewards of their efforts.

Where Are the Omelettes?

February 2000 V2000-06

Advocates of government central planning often write off the miserable failures of socialism everywhere, but the verdict is in: Freedom is the only workable—and moral—way to achieve human happiness.

Fear of Segregation Is No Argument against School Choice

February 2000 V2000-07

Charges that school choice will lead to racial and economic segregation of students are not supported by the evidence, which suggests that private schools of choice are already more integrated than are government-assigned public schools.

Government “Economic Development” Handouts Rob Peter to Pay Paul

February 2000 V2000-08

State government agencies like the Michigan Economic Development Corporation should stop playing favorites and instead pursue a uniform tax policy that treats all businesses fairly and equitably.

Lower Taxes, Less Regulation Key to Twenty-First Century Economy

March 2000 V2000-09

For Michigan to compete in the twenty-first century economy, policy-makers must continue to cut taxes and remove regulatory barriers to the information-based businesses of the present and future.

Farm Worker Legal Services Encourage Law of Unintended Consequences

March 2000 V2000-10

Two government-funded programs aimed at helping Michigan farm workers are actually working together to make it harder for poor laborers to find housing.

Don’t Raid Michigan’s Unemployment Fund to Pay for Family Leave

March 2000 V2000-11

President Clinton wants states to use unemployment compensation to provide paid leave for parents staying home to care for their newborn children. Law-makers should instead allow workers to negotiate “comp-time” arrangements to handle family needs.

Socialized Medicine Leaves a Bad Taste in Patients’ Mouths

March 2000 V2000-12

Canada’s socialized health-care system ensures that everything—including hospital food—becomes fodder for political battles. U.S. policy-makers should resist calls to further socialize America’s market-oriented health system.

Journals

Michigan Education Report

MER2000-01 \$3.00
MER reports on education proposals put forward by



Governor Engler in his "State of the State" address, endorsement of school choice by the Democratic Leadership Council, a study showing charter

school competition helps traditional public schools improve, and more. Commentaries focus on the twin curricular catastrophes of dumbed-down math and "whole language" reading, and two teachers debate whether school vouchers will "leave some children behind." 12 pages.

Michigan Privatization Report

MPR2000-01 \$3.00
This issue of MPR shines a light on privatization initiatives across the state, including for-profit schools, campus bookstores, sports stadiums, private companies that provide schools with substitute teachers, and even privately owned historical lighthouses. Other features show how cities could profit from privatizing their airports and how Michigan could use privatization to expand low-income housing for the poor. 20 pages.

Studies & Reports

Trade Liberalization: The North American Free Trade Agreement's Economic Impact on Michigan

\$1999-09 \$5.00
The North American Free Trade Agreement (NAFTA) is six years old. Has it benefited Michigan's economy? Or has it destroyed jobs and hampered prosperity,

as predicted by many who participated in the national debate that raged for two years prior to its ratification?

The verdict is in, and the available data clearly show that free trade is proving to be a significant boon to Michigan businesses and citizens. This study analyzes five years of import and export figures to show that the tariff cuts enacted by NAFTA have led to significantly increased Michigan exports to Canada and Mexico. The study concludes that while some businesses may have been hurt by NAFTA, on balance, removing government barriers to trade has been a positive step toward increasing the prosperity and standards of living for Michigan citizens—and citizens throughout America, Canada, and Mexico. 27 pages.

Internet Purchases: To Tax or Not to Tax, Here Are The Questions

\$2000-01 \$5.00
Has the growth of tax-free Internet sales hurt state revenues or education funding? Is it "unfair" for sales over the Internet not to be taxed while other sales are taxed? Would imposing new taxes on the Internet do serious damage to the ability of this new form of commerce to thrive? Does the growth of tax-free online shopping pose a threat to traditional "bricks-and-mortar" retailers?

This study addresses these and other questions in order to provide state, local, and federal policymakers with the intellectual and empirical ammunition they need to keep the taxman at bay.

Special Items



Great Myths of the Great Depression

SP1998-01 \$1.00
Students today are frequently

taught that unfettered free enterprise collapsed of its own weight in 1929, paving the way for a decade-long economic depression full of hardship and misery. In the expanded and updated re-issue of this publication, Mackinac Center President Lawrence Reed dispels this and a host of other myths surrounding one of the most traumatic periods in America's history, the Great Depression.

"The popular account of the Depression," writes Reed, "belongs in a book of fairy tales and not in a serious discussion of economic history."

My Union Doesn't Represent Me! What Are My Choices?

SP2000-02 FREE
Nearly one million Michigan workers belong to unions, but most have no idea what to do if their union is abusive or unresponsive. This brochure provides straightforward answers to the most common questions of public-sector union members who wish to exercise their right to "decertify" their current union and pursue other means of representation at the bargaining table. A contact list of organizations that provide workers with more help and information is included.

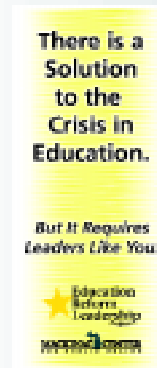
Teachers: You Don't Have to Pay for Union Political Spending

SP2000-03 FREE
Many teachers routinely see their union dues being spent on behalf of social or political causes with which they disagree, and too often this is because they do not know their rights in a unionized work environment.

This brochure lets teachers know they cannot legally be forced to join a union, can resign their union membership if they wish, and can stop being forced to pay for activities other than those involved with representa-

tion before management. A full list of organizations teachers can contact for more help and information is included.

There is a Solution to the Crisis in Education, But It Requires Leaders Like You



SP2000-04 FREE
The Mackinac Center has launched the Education Reform Leadership Project, an exciting training program that is equipping citizen leaders throughout Michigan to effectively champion school

choice and help solve Michigan's education crisis. This brochure explains how parents, teachers, and concerned citizens from all walks of life can get involved to become the education reform leaders of Michigan's future.

How to Order

VIEWPOINTS: *Viewpoints on Public Issues* are two-page commentaries on current Michigan policy issues. Three or four are published each month. Individual *Viewpoints* are 50¢ each. Please call for bulk discounts.

All publications are available at no charge via the Internet at www.mackinac.org.

For telephone orders, please call the Mackinac Center at (517) 631-0900. The Center accepts Visa, MasterCard, and Discover/NOVUS for your convenience. Please have your card and item title(s) handy when calling. If you do not have the Mackinac Center for Public Policy's current publications catalog with a complete listing of all Mackinac Center publications, please request your free copy when ordering.

Depression Myths Exploded

Recommending sound public policy for Michigan is a big part of the Mackinac Center's work. But equally important is the Center's commitment to basic economic education, and that includes correcting the historical record when it paints a false and misleading picture.

A crowd of nearly 200 people heard Mackinac Center president Lawrence Reed explode myths about America's Great Depression in a speech before the Tri-County Economics Club at Saginaw Valley State University on February 28. In addition to the club's regular membership of business and professional people, teacher Shari Tiderington from

Saginaw's Heritage High School brought her entire history class to the event. *The Midland Daily News* covered the event and ran a lengthy story about the speech.

Every attendee was given a copy of Reed's essay, "Great Myths About the Great Depression," in which he explains that government policy, not the free market, caused and prolonged the nation's worst economic crisis. "The Federal Reserve's wildly-erratic monetary policy in the 1920s and 1930s was a main cause of the Depression," said Reed. "Matters were worsened by huge hikes in tariffs and taxes and a smothering maze of bureaucratic regulations."



Mackinac Center President Lawrence Reed believes, as did the philosopher George Santayana, that those who ignore (or distort) history are condemned to repeat it.

In May 1998, the Mackinac Center first published Reed's essay on the Depression. By the end of 1999, ten thousand copies had been distributed and another press run was required. Reed expanded the essay with new material and

10,000 copies were printed in January 2000. Copies are already flying out the door by the dozens, with orders pouring in from as near as Bay Central High School in Bay City, Michigan, and from as far away as Texas A & M University in College Station, Texas. **!**

To order your copy of Great Myths of the Great Depression, see our Free Market Library feature on page 11.

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