

Contents:

Executive Vice President's Message..... 2	A Tale of Two Privatizing Cities 5	McLellan Shapes Michigan 8
Forum Focuses on Taxes, Insurance 3	New Staff Boosts Capital Connection 6	Why Energy Conservation Efforts Fail . 9
The Son Also Rises 3	Interns Form "Data Dragnet" 7	Free-Market Library 11
State and National Media Highlights 4	Freedom's Foundation..... 8	State Superintendent Visits Center 12

New Web Service Makes Government More Accountable

Citizens Use MichiganVotes.org to Track Bills, Check Votes, Contact Legislators

Michigan government became much more accountable to citizens of the Great Lakes State on Sept. 18. That's the day the Mackinac Center for Public Policy unveiled **MichiganVotes.org**, a new tool that provides users with free, instantaneous access to accurate, plain-language descriptions of how their state legislators voted on all legislative actions.

A capitol briefing introduced elected officials; legislative staff members; and print, radio, and television journalists to the unique Internet-based service, available online at **www.michiganvotes.org**, that makes it easier for the public at large as well as key decision-makers to be active and informed in Michigan civic affairs.

"This is an unprecedented development," Mackinac Center Senior Vice President Joseph Overton said. "With a couple mouse clicks citizens can learn their legislators' official positions on every issue that came to a vote. They don't need to be

lawyers because every vote is described using commonly understood terms. It has never been this easy to monitor legislators' actions and keep them accountable."

research and development by the Mackinac Center's full-time professional staff of legal experts, economists, and information technology specialists. Last summer, the



In addition to viewing legislators' complete voting records, users can post their public comments on various bills and votes, sign up to be automatically notified when action is taken on legislation they are interested in, and use the site to e-mail legislators. The web site features a database of Michigan House and Senate votes searchable by legislator, topic, keyword, date range, or bill number. The site also provides links to the text of the legislation and legislative analyses.

MichiganVotes.org represents hundreds of hours of

Center brought on board Lansing-based Legislative Analyst Jack McHugh to lead a team to code and enter over 2,900 pieces of legislation and related amendments and actions (see story on page 6).

"MichiganVotes.org is a valuable and welcome resource," says former state representative Lynn Johndahl, who served in the Legislature as a Democrat for 22 years. "It makes a major contribution to political access and accountability. Citizens—be they students, advocates, reporters, researchers or just curious—should check it out."!

"They that can give up essential liberty to purchase a little temporary safety, deserve neither liberty nor safety."

—Benjamin Franklin, 1759

Board of Directors

D. Joseph Olson, Chairman
Lawrence Reed, President

Richard Antonini	Rodney Lockwood, Jr.
Peter Cook	Joseph Maguire
Hon. Paul Gadola	Richard McLellan
Richard Haworth	James Rodney
Mara Letica	Linda Rodney
Edward Levy, Jr.	

Board of Scholars

Dr. Donald Alexander <i>Western Michigan University</i>	Annette Kirk <i>Russell Kirk Center for Cultural Renewal</i>
Dr. John Attarian <i>Freelance Writer</i>	Dr. Robert Kleiman <i>Oakland University</i>
Dr. Thomas Bertonneau <i>Writer and Independent Scholar</i>	Dr. Dale Matcheck <i>Northwood University</i>
Dr. Peter Boettke <i>George Mason University</i>	Dr. Paul McCracken <i>University of Michigan</i>
Dr. John Bornhofen <i>Grand Valley State University</i>	Dr. George Nastas III <i>Marketing Consultants</i>
Dr. William Browne <i>Central Michigan University</i>	Dr. John Pafford <i>Northwood University</i>
Dr. Stephen Colarelli <i>Central Michigan University</i>	Dr. Mark Perry <i>University of Michigan - Flint</i>
Dr. Keith Crocker <i>University of Michigan</i>	Dr. Karen Potter-Witter <i>Michigan State University</i>
Robert Crowner <i>Eastern Michigan University</i>	Gregory Rehmke <i>Foundation for Economic Education</i>
Dr. Richard Cutler <i>Michigan Association of Scholars</i>	Dr. Steve Safranek <i>Ave Maria School of Law</i>
Robert Daddow <i>Oakland County Executive</i>	Louis Schimmel, Jr. <i>Municipal Advisory Council of Michigan</i>
Dr. Stephen Dresch <i>Jheon & Associates</i>	James Sheehan <i>Competitive Enterprise Institute</i>
Dr. Richard Ebeling <i>Hillsdale College</i>	Rev. Robert Sirico <i>Acton Institute for the Study of Religion and Liberty</i>
Dr. Jefferson Edgens <i>University of Kentucky</i>	Dr. John Taylor <i>Wayne State University</i>
Alfredo G. Esposto <i>Eastern Michigan University</i>	Prof. Harry Veryser, Jr. <i>Walsh College</i>
Dr. Wayland Gardner <i>Western Michigan University</i>	John Walter, Jr. <i>Dow Corning Corporation (ret.)</i>
Dr. Dale Haywood <i>Northwood University</i>	Dr. William Wilson <i>Ernst & Young</i>
Dr. Michael Heberling <i>Baker College</i>	Dr. Martin Wing <i>Kettering University</i>
Dr. Ormand Hook <i>Mecosta-Osceola Intermediate School District</i>	Dr. Gary Wolfram <i>Hillsdale College</i>
Prof. Harry Hutchison <i>University of Detroit Law School</i>	
Dr. David Janda <i>Institute for Preventative Sports Medicine</i>	

IMPACT!

David Bardallis
Editor

Samuel Walker
Assistant Editor

Daniel Montgomery
Graphic Designer

IMPACT! is a quarterly publication of the Mackinac Center for Public Policy, a nonprofit, nonpartisan, tax-exempt research and educational organization classified under section 501(c)(3) of the IRS code.

Mackinac Center for Public Policy
140 West Main Street
P.O. Box 568

Midland, Michigan 48640
(989) 631-0900 • Fax (989) 631-0964
www.mackinac.org • mcpp@mackinac.org



Joseph Lehman
Executive Vice President

Freedoms Worth Fighting For

Those who seek to achieve political goals through violence always claim noble ends, but such people are merely destroyers. They offer nothing to replace what they abhor; they fill the world with dark morbidity, plant their heels upon rubble they make, and proclaim victory. But their victory is only that of darkness over light, which is a fleeting one indeed.

No real victory comes through mere destruction. Victory over disease is not complete simply because an illness is fought to a standstill; victory comes when health replaces sickness. Victory over poverty is empty unless a measure of wealth is earned by the destitute. Victory over ignorance is meaningless until knowledge and wisdom inhabit indigent minds. Victory over bigotry is false unless it be supplanted by true brotherhood. Victory over doubt and dread and hatred does not come until faith and hope and love inhabit impoverished souls.

These are my thoughts on a crystalline September afternoon in a week that began as usual with prioritized daily task lists for the Mackinac Center's policy ideas, research, and educational programs, but one that ends trying to understand how those things fit into our agenda post-Sept. 11.

The terrorist attacks left most Americans reeling and reexamining short-term personal and corporate priorities. At the Mackinac Center, the days that followed have brought sharper clarity to our mission to promote sound economic policy and advance a civil society where coercion is rare and voluntary cooperation is the norm.

When we overcome this crisis, as we will, it will be driven by what we possess in greater measure than any other nation. We in the freedom movement often speak of the importance of "limited government," but now it is time to emphasize that coin's other side: civil society.

The mere fact that our government has historically, and wisely, been relatively limited is not the reason we have strength to prevail. We will prevail because the resilience of strong private institutions permeates our culture, even today. Private institutions, rather than government, still tend to characterize day-to-day interactions in our neighborhoods and the marketplace, as well as our responses to great crises.

Government has a distinct role in protecting us from foreign attacks, but it is private citizens working individually and together who create wealth, build institutions, help those in need, educate our children, and defend our liberties from all threats.

Freedom seems most precious when threatened. The 30 men and women of the Mackinac Center for Public Policy staff are more committed than ever to strengthening our culture through freedom in education, our workplaces, our homes, and our personal lives. Those are freedoms worth fighting for.!

We will prevail because the resilience of strong private institutions permeates our culture, even today.

Joseph G. Lehman

Lansing Forum Focuses on Taxes, Insurance

How to finance the state workers compensation system was the topic of the Mackinac Center for Public Policy's latest Issues and Ideas luncheon, held Aug. 29 in Lansing at the new House Office Building.

Elected officials, legislative staff members, and business leaders gathered in the stately Mackinac Room to hear Mackinac Center chairman and former state insurance commissioner D. Joseph Olson examine proposals for a special new tax to fund workers compensation claims.

For almost 90 years, the state of Michigan has mandated that employers carry workers compensation insurance, which pro-



Mackinac Center Chairman D. Joseph Olson (left) greets Legislative Analyst Jack McHugh. Olson, former state commissioner of insurance, argued against a special new tax to fund the state workers compensation system.

vides financial benefits to employees in the event of on-the-job injuries. For the last 80 of those years, Olson told the crowd, the administration of the workers compensation system has been funded out of the state's General Fund/

General Purpose revenue.

Proposals put forth by some policy-makers to finance the workers compensation system with a new tax specifically on employers and insurers are unfair, he argued,

because systems that benefit society as a whole are more properly funded by broad-based taxes. He also predicted constitutional problems with the new tax proposals and warned of the potential for fraud and abuse,

based on experience with similar funding schemes for other state programs.

Olson is senior vice president and general counsel for the Amerisure Companies in Farmington Hills, a regional property and casualty insurance group. He helped found the Mackinac Center in 1987 and served as chairman until 1995, when Gov. John Engler appointed him Commissioner of Insurance, a position he held until 1997. He resumed his Center chairmanship in 1998.

Issues and Ideas luncheons are monthly forums designed to offer government officials a broader philosophical perspective on current topics, emphasizing free-market solutions to important policy questions.!

Board Leadership Role Passes from Father to Son

The torch of freedom passed from one generation to the next as Mackinac

Center for Public Policy Board of Directors member Bruce Maguire stepped down from his leadership role to be replaced by son Joseph Maguire.

The Maguires of East Lansing have long been supporters and defenders of individual liberty and free enterprise. Bruce joined the Mackinac Center's Board of Directors in 1994. He is chairman and owner of Spartan Oil, Bay Petroleum, and Wolverine Development corporations and received business administration and law degrees



In his seven years on the Board of Directors, Bruce Maguire opened many doors for the Mackinac Center.

from the University of Michigan and Harvard Law School, respectively.

"Bruce's contributions to the Center's growth and success have been substantial," says



"Don't let planners dictate how you live," urged new Mackinac Center board member Joseph Maguire in a July 22 Lansing State Journal op-ed criticizing government restrictions on land use.

Mackinac Center President Lawrence Reed. "He's a great friend and confidant and it's good to know that the Maguire family will continue to be

ably represented on our board by Bruce's son Joe, a remarkable and energetic businessman."

Joseph Maguire is president of Wolverine Development Corp. He received his bachelor's degree in economics from Northwestern University and his master's degree from the Columbia University Graduate School of Architecture, Planning, and Preservation in New York City.

In welcoming the second Maguire to the board, Chairman D. Joseph Olson of Howell expressed enthusiasm for the choice: "Joe Maguire's commitment to the principles that form the Mackinac Center's founda-

Summer Roils with Mackinac Center Media Mentions

Mackinac Center for Public Policy scholars used the summer to keep arguments for individual liberty and limited government coursing through media outlets across Michigan and the nation. Here are just a few of last quarter's highlights:

- A Mackinac Center idea made national news when Adjunct Scholar John Gear's *Viewpoint* advocating the auction of rights to popular vanity license plates as a way for states to raise money

of Hillsdale College's monthly journal *Imprimis* were treated to a July article arguing for tuition tax credits as the best vehicle to achieve full school choice. The article, an abridged version of a May 22 speech given by Reed, was also adapted by *Behind the Headlines*, a daily radio commentary, and broadcast nationwide on more than 120 stations.

- Millions more avid web surfers were introduced to Mackinac Center ideas when the influential Internet site *National Review Online* prominently featured several

- The June 17 Sunday edition of *The Detroit News*, which reaches more than a million homes, ran an article by Executive Vice President Joseph Lehman arguing for a new approach to the drug war that focuses less on the "supply side" of the equation and more on decreasing demand for drugs through education and rehabilitation programs.

- In July, Michigan's House Education Committee approved legislation that would allow school districts to decide on their own whether a person is qualified

to teach—avoiding the state's onerous requirements for teacher certification. In a July 6 *Detroit Free Press* op-ed, Director of Education Policy Matthew Brouillette made the case for placing responsibility for teacher quality back where it belongs—with neighborhoods, individual schools, students, and parents.

- The Associated Press quoted Gifford in an article on legislation passed by the state Senate that would offer a partial tax credit to individuals, couples, and businesses who donate goods or services to public schools. Gifford, whose comments appeared in the *Detroit Free Press* and in papers throughout the state, said the credit was a good idea, but that Michigan's Constitution prohibits such a credit being extended to private schools.

- Director of Labor Policy Hunter was quoted by *Detroit News* columnist Bill Johnson in a July 27 piece on harmful union influence on Detroit politics. Hunter

THE WALL STREET JOURNAL The Washington Post

caught the attention of the *Washington Post's* Aug. 21 "Ideas Industry" column. A United Press International story on the Center's idea was reprinted in many news outlets the following week.

- National exposure continued Sept. 5 when the *Wall Street Journal's* lead editorial on school choice called the Mackinac Center "the leading advocate for a universal education tax credit." "Those who defend the status quo should prepare for the fact that choice will come to their states eventually in some form," the editorial quoted President Lawrence Reed as saying.

- Over one million readers

op-eds by Center staff. On Aug. 18, President Reed's reflections on the fall of the Berlin Wall were profiled in the site's weekend edition. Director of Labor Policy Robert Hunter and research intern Shawn Miller educated readers on the need for tougher union financial disclosure laws in an Aug. 22 article. Over the Labor Day weekend, Hunter and Managing Editor of Publications David Bardallis took the occasion of President Bush's visit to Detroit to recommend that he appoint to the National Labor Relations Board members who will put worker rights ahead of union political agendas.

- Director of Leadership Development Mary Gifford's comments regarding federal mandates on education appeared in the Sunday *Detroit News* July 1. Gifford said federal mandates, even if aimed at true reform, won't work unless school districts have the flexibility to improve on their own and parents and students have the opportunity to choose which schools to attend.

- Director of Leadership Development Mary Gifford's comments regarding federal mandates on education appeared in the Sunday *Detroit News* July 1. Gifford said federal mandates, even if aimed at true reform, won't work unless school districts have the flexibility to improve

said city officials need the courage to resist public-sector union influence if they are to make necessary changes including privatizing overly expensive and inefficient city services. !

Cities Quietly Use Center Ideas to Help Solve Budget Woes

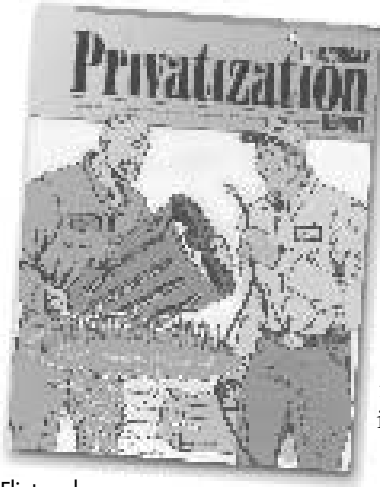
Sometimes Michigan public officials are happy to acknowledge the powerful role Mackinac Center for Public Policy ideas play in the debate over environmental policy, labor law, education reform, and other key issues.

But other times, policy-makers are content to pursue Mackinac Center recommendations quietly. The most recent examples come from Saginaw and Flint, two mid-Michigan cities facing budgetary difficulties.

In May 1999, the Mackinac Center urged Flint Mayor Woodrow Stanley to reconsider contracting out city garbage collection services to improve quality and save

local taxpayers millions of dollars in unnecessary expenses. Five years earlier, Stanley had proposed privatization before accepting a new city employees' plan that initially saved a smaller amount of money, but which has not contained costs.

"The mayor should once again ask for bids from firms to do the collection work of city employees," wrote Policy Analyst



Flint and Saginaw are the latest cities to join the privatization revolution, led by Michigan Privatization Report since 1994.

Michael LaFaive in *Michigan Privatization Report* (MPR), a Mackinac Center journal received by over 14,000 state and local policy-makers including Stanley.

This June, the Flint City Council unanimously approved Mayor Stanley's new budget, which contains an initiative to privatize garbage collection. A spokesman for the city's public

works program told the Mackinac Center that the process for soliciting bids from private contractors is underway.

The city of Saginaw also is using privatization to alleviate financial problems including a reported \$1.8 million shortfall in its \$38 million budget. City Manager Reed Phillips recently contracted out management of Saginaw's recreation department to the local YMCA for an estimated \$200,000 annual savings. Officials also are interested in other ideas they have found in "Saginaw Needs Privatization," an MPR article detailing ways the city can better use its resources, and a *Viewpoint* on Indianapolis's successful privatization of many city services.!

Legislators Show Resolve on Center's School Choice Agenda

The number of states embracing expanded K-12 school choice soon may grow, thanks to an influential group's resolution urging state governments to adopt legislation similar to the Mackinac Center for Public Policy's Universal Tuition Tax Credit (UTTC).

At its annual meeting in New York City in August, the American Legislative Exchange Council (ALEC), a bipartisan association of state legislators, officially endorsed the resolution, which "declares the state legislative body's support for the creation of a tax credit for individuals and businesses that make a contribution to a nonprofit scholarship or educational assistance organization."

Such a credit would help many families, who otherwise could not afford it, send their children to better or safer schools. States including Arizona, Florida, Pennsylvania, Illinois, and Minnesota already have adopted some form of K-12 tax credit since the Mackinac Center unveiled the UTTC proposal in 1997. Iowa passed its tax credit legislation in 1989.

ALEC members decided on a tax-credit resolution, as opposed to

model legislation, for state legislatures to use because any tax-credit bill would need to be specifically tailored

to each state's unique tax situation. The resolution is subject to approval by ALEC's board of directors.



A national, bipartisan association of state legislators is urging its members to introduce in their states legislation similar to the Mackinac Center's Universal Tuition Tax Credit, first proposed in 1997.

"ALEC is not endorsing tax credits over vouchers," Education Task Force Director Andy LeFevre explains. "We fully believe in giving parents and children as much choice in

the educational system as possible and are in support of any vehicle that will accomplish these goals."

However, LeFevre says ALEC moved on the tax-credit resolution, which was referred to in deliberations as a "universal tuition tax credit," because tax credits have become more popular than vouchers and because unions have a harder time fighting tax credits.

"I think it's going to become the school choice law where you can say it's something that has worked," LeFevre told CNS News.!

New Staff Strengthen Center's Lansing Influence, Presence

The Mackinac Center for Public Policy motto "sound policy is sound politics" got a boost recently when two Lansing insiders joined the staff, amplifying and sharpening our ability to analyze state policies that affect the lives and liberties of Michigan citizens.

Lansing-based Legislative Analyst Jack McHugh came on board in August to help kick off the Mackinac Center's innovative new Bill Analysis Project. McHugh applies his expertise as a former chief of staff for two state legislators to monitor and evaluate the approx-



McHugh's experience as a commodity trader, businessman, and chief of staff to two liberty-friendly state legislators make him a valuable addition to the Mackinac Center team.

imately 6,000 legislative actions that emanate from Lansing each year.

McHugh's Herculean efforts are the engine driving **MichiganVotes.org**, a free service of the Mackinac Center that allows citizens

to track legislation and find how their representatives and senators vote on specific issues and bills (see story on page 1).

McHugh's skills as a former businessman also are helping to establish a new Mackinac Center Lansing office.

Former state representative Susan

Grimes Munsell, who represented Livingston County for 10 years until 1996, when she voluntarily retired, became the Mackinac Center's senior advancement officer in July. Munsell uses her extensive statewide network of contacts to identify and develop strong partnerships with individuals, businesses, and foundations that support the Mackinac Center's mission of advancing free markets in Michigan.

Munsell also chairs the state Civil Service Commission, which is responsible for establishing wages, classifying jobs, and reviewing and ratifying



Munsell owned and operated a successful business and raised funds for political candidates and nonprofit organizations prior to joining the Center.

collective bargaining agreements for state employees. Gov. Engler appointed both her and Mackinac Center Director of Labor Policy Robert Hunter to the commission in 1996.

Munsell's legislative background, combined with her private-sector experience as a

certified public accountant specializing in financial planning, provides a new dimension to the Mackinac Center's efforts to maintain and expand our base of friends and financial supporters. !

Center Analyst Helps Repel Net Tax Trojan Horse

It passed the Michigan Senate in May by an overwhelming vote of 28 to 8.

With Gov. Engler's blessing, SB 433, the "Streamlined Sales and Use Administration Act," then went over to the House, where approval by the Tax Policy Committee seemed certain. Following that, all that would be needed for Michigan to take the first step toward collecting taxes on Internet purchases would be a majority vote on the House floor and the governor's signature.

That's when a concerned committee member, Rep. Leon Drolet of Clinton Township, decided to contact the Mackinac Center for Public Policy for some intellectual ammunition. Drolet suspected an

Internet tax was the ultimate goal of the bill's sponsors. But he needed an astute analysis of where the legislation could lead—and he knew where to get it.

Economic sleuth and Mackinac Center Policy Analyst Michael LaFaive was right on the case, and soon sent his findings to Drolet's office. In a letter, LaFaive characterized the legislation as "a long-term revenue bill disguised as a tax simplification bill."

"It's true that SB 433 does not give the state the power to directly mandate tax collection from purchases made by Michigan consumers from



Republican state Rep. Leon Drolet bucked his party leadership to derail a bill that could lead to a tax on Internet purchases. The governor continues to push for such a tax.

out-of-state businesses," LaFaive wrote. "But it does establish a framework for doing so."

"If SB 433 becomes law," added LaFaive, "it would facilitate mandatory taxation by Michigan on remote sales, creating a *de facto* national retail sales tax

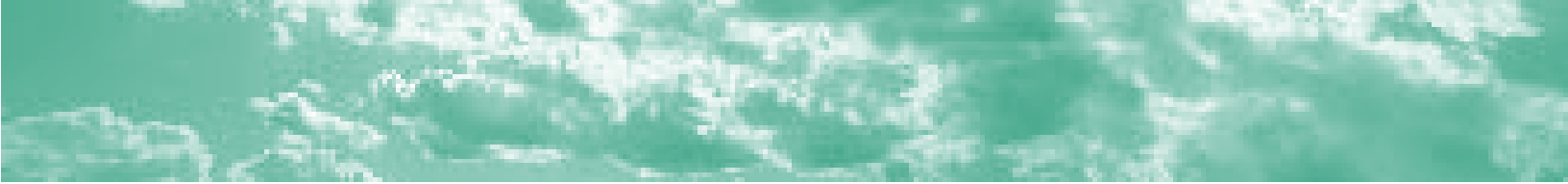
as other states passed similar legislation." Currently, over 30 states are considering similar legislation, LaFaive found.

Armed with LaFaive's analysis and expert testimony from

various witnesses, Drolet and another member of the committee, Rep. Bob Gosselin, R-Troy, courageously worked to derail the legislation.

The Legislature adjourned for the summer without taking final action on SB 433. But the House ultimately passed a similar measure, HB 5080, on Sept. 26 by a vote of 57-50 after it was introduced in another committee.

Citizens may track how their legislators voted on HB 5080 by using the Mackinac Center's new legislative service, **www.MichiganVotes.org**. LaFaive's analysis is available at **www.mackinac.org/3533**. !



Interns Form Mackinac Center "Data Dragnet" Across State

Colleen Warwick had not been teaching long before she realized the hidebound government school system could benefit from an infusion of fresh new ideas and approaches to education. So she decided to take time during her summer to help make it happen.

Warwick, a graduate student at Grand Valley State University, was just one of 15 summer interns who came to Midland to work at the percolating idea factory that is the Mackinac Center for Public Policy.

During her internship, Warwick took part in a research effort led by Mackinac Center Director of Education Policy Matthew Brouillette. Using Michigan's Freedom of Information Act, she gathered data from the state's 554 public school districts and 57 intermediate school districts. The information is being analyzed for a Mackinac Center study on ways to alleviate teacher shortages by relaxing needlessly stringent state certification requirements.

Also part of the Mackinac Center education research team was Hillsdale College student Jeffery Ware, who contacted over 500 Michigan school districts, this time to collect information on how many were saving money by contracting out food, transportation, janitorial, and other non-instructional services. His work will be used in a study on privatization in Michigan schools.

University of Notre Dame law school student Sean Miller's research on union income



The intern class of 2001 takes a well-deserved break from helping to advance limited government and individual liberty in Michigan.

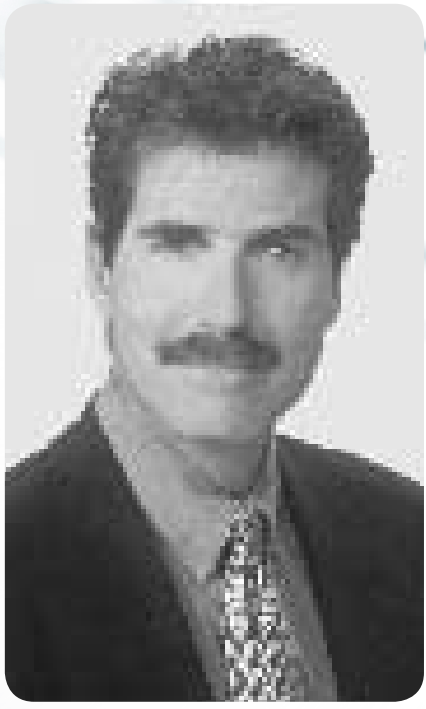
ing and information-gathering for Center journals and other publications—was performed by interns Paul Blott, Eric Pynnonen, David Matson, Adam Mayo, Joanna De Pree, Lisa Hoekstra, Annie Suderman, Andraelle Davis, Kyle Hill, Sam Scherf, Benjamin Schubert, and Christopher Martens.

Past Mackinac Center interns are pursuing successful careers in academics, politics, law, policy research, and other important areas of public concern.!

supported the Mackinac Center's Labor Policy Initiative and resulted in a widely reprinted *Viewpoint* Miller co-authored with Director of

Labor Policy Robert Hunter.

Other vital work—from improvements to the Mackinac Center's web site to writ-



THE
MACKINAC CENTER FOR PUBLIC POLICY
 WITH SUPPORT FROM
 THE DOW CHEMICAL COMPANY-MICHIGAN OPERATIONS AND
 THE HERBERT H. AND GRACE A. DOW FOUNDATION
 PROUDLY PRESENT

**AN EVENING WITH
 JOHN STOSSEL**
 ABC NEWS CORRESPONDENT

"FREEDOM AND ITS ENEMIES"
 OCTOBER 25, 2001
 MIDLAND, MICHIGAN

MACKINAC CENTER
 FOR PUBLIC POLICY

McLellan Shapes Both the Mackinac Center and Michigan

When it comes to a “Who’s Who” of influential people in Lansing, Richard McLellan’s name is on everybody’s list. A founding member of the Mackinac Center for Public Policy’s board of directors, McLellan wields clout that comes from years of experience in both the private and public sectors.

McLellan’s resume includes stints as a prosecuting attorney, assistant and advisor to Michigan governors, and member of many commissions and other public bodies. He served Governor-elect John Engler as Transition Director after the 1990 elections and helped shape the



Mackinac Center director Richard McLellan “has played a key role in virtually every big public policy issue in Michigan during the last decade,” noted the Detroit Free Press.

early policies of the first Engler administration. As a distinguished attorney (and a partner with the respected Michigan law firm of Dykema

Gossett), McLellan served for 10 years as chairman of the Michigan Law Revision Commission by appointment of the Legislature and in 1999 was named by the state’s Supreme Court for a three-year term as a commissioner of the State Bar of Michigan.

In 1987, McLellan joined with five other individuals to form the Mackinac Center’s first board of directors and has served continuously on that board ever since.

“Our hope 14 years ago was for Michigan to have a prominent research and educational organization that would make sure a free-market perspective was part of the public-policy debate,” says

McLellan. “The Mackinac Center’s remarkable success proves that good people, well-organized and focused on a clear vision, can indeed make a huge difference and shape the course of policy within a state and well beyond.

“The potential for future impact is so enormous that other contributors should feel very good about increasing what they can do for the Center,” he adds.

Mackinac Center President Lawrence Reed asserts that “McLellan’s strong and consistent support, as both a board member and a faithful financial contributor, gives the staff great confidence for the future of the institution.”!

Sound Ideas: The Foundation of Freedom

In a sluggish economy like the present one, people with discretionary income are forced to look more closely at their charitable and other contributions. They find themselves needing to prioritize their financial support, making decisions as to which organizations should continue on their “giving list.”

So why should the Mackinac Center for Public Policy stay on, or even at the top of, your list?

Answer: Because prosperity itself is built on a foundation of ideas. As the slow, painful progress of the economies of the old Soviet Union shows, economic prosperity requires a sound “idea structure” to

undergird it and enable it to develop and mature. Without that structure—easy to tear down, but extremely difficult to build—the very possibility of a free society in which individuals can pursue their dreams vanishes.

We Americans, who enjoy more freedom and prosperity than most anyone else on the globe, still need to be reminded of the vital role ideas play in sustaining freedom and encouraging prosperity. And over the last 14 years, guess who has moved into position as the state of Michigan’s indispensable champion of these ideas?

The Mackinac Center for Public Policy, that’s who. In fact, the Mackinac Center



David Aussicker, Vice President for Advancement

could be considered the “Michigan chapter” of Freedom, Inc., the movement toward economic and political free-

dom that has taken the world by storm during the past 50 years.

Just one example is **MichiganVotes.org**, our new web site (see front-page story), which enables any Michigan citizen to monitor the policy positions and voting records of any elected

representative, as well as the merits and status of each and every bill before the state Legislature. This first-of-its-kind public service will allow citizens to ask questions of their representatives, who can then post replies, directly to their constituents.

As you consider your contributions this year please keep the Michigan chapter of “Freedom, Inc.”—the Mackinac Center for Public Policy—high on your priority list. Your contribution is needed more than ever and represents a sound investment in your future.!

Why Energy Conservation Efforts Fail

by John R. La Plante

One of the first lessons taught in Economics 101 is the lesson of supply and demand. In the recent debate over energy policy, President Bush focused on encouraging oil exploration, or increasing supply, while his opponents talked of energy conservation, or decreasing demand. Which is the better way to deal with the situation?

The short answer is: working to increase supply, because government-mandated conservation efforts never work to alleviate shortages. In fact, they do the opposite. The long answer involves—you guessed it—a refresher course on how the law of supply and demand works.

Markets or Mandates?

That mandated conservation measures actually *increase* energy usage is counterintuitive, and requires one to think in economic terms. And thinking in economic terms means one must distinguish between voluntary, profit-seeking conservation and government-enforced conservation. Let's deal with the latter idea first.

Mandated energy conservation seems logical enough: Force every home, factory, or office park to be more energy efficient, and the amount of energy we all use decreases. True, a person who buys a car that uses gasoline more efficiently will use less gas per each mile traveled. But an analysis that stops there is

incomplete. Since each mile now costs less, a person is likely to buy more of them. He can afford to drive more. The result may be no net energy savings, or even an energy loss.

Or consider a company that develops a way to use less electricity to produce that same car. Seeking a competitive edge in the marketplace, the company passes the savings it obtains by using less electricity along to its customers, in the form of lower prices. Customers see a bargain, and sales increase. The company makes more cars—and its electricity use goes back up, or even increases.

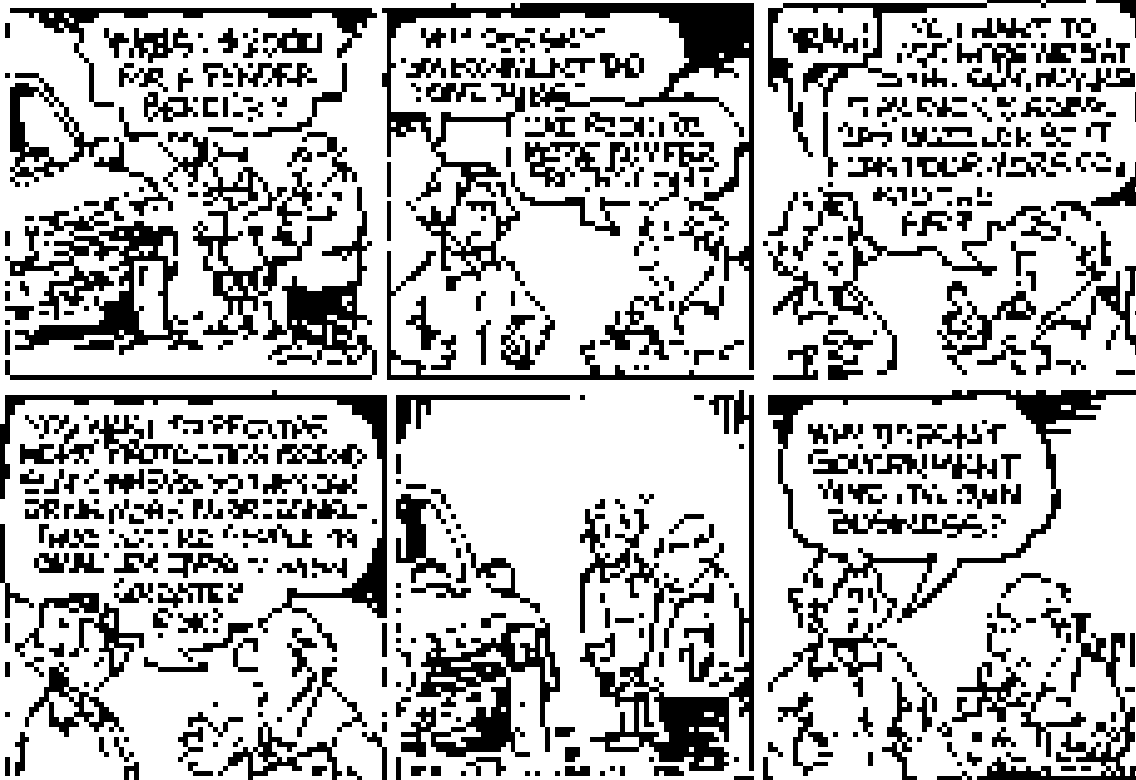
Ironically, then, we find that *increased energy efficiency usually leads to more energy*

consumption, not less. An industry that becomes more energy efficient becomes more productive, and more productive industries—and economies—use more energy.

A historical example illustrates the point. The Watt steam engine of the 18th century was much more efficient in energy produced per unit of coal than its predecessor, the Newcomen steam engine. When the Watt engine first came into use, Britain's demand for coal declined. But the decrease was only temporary. Watt's device became such an engine for economic growth that it actually increased tenfold the demand for coal between 1830 and 1863. More effi-

See "Energy" on page 10

HEADLINE: WERE TO GREATLY INCREASE SUPPLY OF ENERGY WE MUST FIRST DECREASE DEMAND FOR IT.



Current Comment

Tired of the same old web pages that never seem to change?

Always looking for fresh content that will inform, educate, and entertain?

Well, look no further than the Mackinac Center's 'Current Comment' feature, every weekday at www.mackinac.org.

It's so addictive it might even be illegal.

www.mackinac.org

“Energy” from page 9

efficiency as to how his energy fathers up.

The counterintuitive truth is that individual efforts to use less energy do not result in a net reduction of energy use across the economy. Each additional watt of energy costs more to produce than the last. So if enough individuals cut back on using, say, air conditioners, the cost of producing the extra units of energy goes down. But when the cost of most products goes down, the amount of the product consumed goes up. This is known as the “rebound effect.”

The Cost of Forced Conservation

Moral exhortation to voluntarily use less energy is harmless (though ultimately useless), but government-enforced measures can impose unnecessary costs on people—even deadly costs. For example, government-mandated automobile fuel efficiency standards are responsible for anywhere from 1,300 to 4,500 more highway deaths per year than would occur otherwise. It's simple physics combined with economics: The requirements result in more small cars being sold than would otherwise be the case, and small cars are not as safe as large cars when they collide with other objects, even smaller cars.

Forced conservation is also bad policy because it is regressive. If a government mandate increases a product's price by \$100, that

extra expense hurts a lower-income family more than it does a higher-income one. Mandates have already raised the price of autos and threaten the affordability of other products. Scholars at the Washington, D.C.-based Competitive Enterprise Institute estimate that the cost of washing machines will soon rise nearly \$250, while the cost of central air conditioners will increase by \$335, thanks to new government energy mandates.

What Good Is Conservation?

Even though energy conservation doesn't reduce overall energy consumption, it can still be useful. If it takes less energy to produce something, consumers enjoy more and cheaper products. Energy efficiency thus allows the poor to enjoy what was previously beyond their grasp, and economic growth pro-

vides more jobs for all. The key, though, is that energy conservation “works” only when it is driven by competitive markets, not mandates.

As the president and Congress debate energy policy, they would be wise to note that while conservation can have *some* benefits, reducing the total amount of energy we use isn't one of them.!

John R. La Plante is a freelance writer living near Chicago, Illinois.

MACKINAC CENTER
FOR PUBLIC POLICY

Upcoming events

Leadership Conference
for research
institute executives
October 11-13
Midland

An Evening with John Stossel
October 25
Midland

Mackinac Center Board of Scholars Summit
November 9-10
Midland

Call (989) 631-0900
for more details.

\$2,000 Finder's Fee for New Hires!

Senior fundraising positions are open at the Mackinac Center for Public Policy. Earn \$2,000 for a successful referral! See “Career Opportunities” at www.mackinac.org.

Michigan votes.org

Being an informed citizen has never been this easy.

Your legislator's entire voting record is at your fingertips, 24 hours a day.



**Viewpoint
Commentaries****Myths of the 1980s Distort Debate over Tax Cuts**

July 2001 V2001-24

The success of President Reagan's tax cuts of 1981-83 must be acknowledged so that debate over future tax cuts is informed by the facts.

Economic Growth Is Key to Environmental Quality

July 2001 V2001-25

One of America's most enduring popular legends is that the environment is deteriorating and that economic growth is largely responsible. The facts suggest just the opposite.

Navigating the Maze of Michigan's Sales Tax

July 2001 V2001-26

Forget taxing the Internet. Michigan's current sales tax, first enacted in 1933 during the Great Depression, already contains some rather confusing and hard-to-explain features.

Fighting Urban Blight or Trashing Property Rights?

July 2001 V2001-27

A proposal to fight "urban blight" by enhancing the government's power to confiscate private property in the name of "the public interest" is a bad idea.

Why Not Allow a Market for Vanity Plates?

August 2001 V2001-28

The state should auction popular "vanity" license plates—like "GO BLUE"—off to the highest bidder, giving motorists who want the same plate a chance to buy it while raising additional revenues to fund state transportation needs.

Let's Have Full Disclosure of Union Finances

August 2001 V2001-29

Legislators should hold unions to the same kind of public disclosure standards as corporations, so that workers can know where their dues are going.

Michigan Settlers vs. Malaria, or How the Midwest Was Won

August 2001 V2001-30

Earlier generations of Michiganders suffered terribly from widespread outbreaks of malaria—until thousands of square miles of wetlands were drained to drastically reduce the habitat of the disease-carrying mosquitoes and make the state safe for development.

Conserve Gas: Scrap the Ethanol Program

August 2001 V2001-31

Government ethanol mandates and subsidies intended to decrease gasoline consumption have instead only increased the use of gas. It's time for legislators to pull the plug on the wasteful and counterproductive ethanol program.

Michigan Economy Needs to Join the Information Age

September 2001

V2001-32

If Michigan is to lead in the 21st century "information age," then our cities must cut high taxes, burdensome regulations, and wasteful bureaucracy and begin to think like the very entrepreneurial firms they need to attract.

School Funding: Lack of Money or Lack of Money Management?

September 2001

V2001-33

Many school districts are blaming Proposal A of 1994 for their perceived budgetary problems. But school revenues are up, raising the question, "Are there things that districts can do more efficiently to better use the resources they already have?"

State Land Use Planning: Less Is More

September 2001

V2001-34

Before adopting new state-level proposals to combat so-called "urban sprawl," Michigan policymakers should consider why local governments and the free market

are better equipped to deal with local land use-issues.

Private Prepaid Tuition Programs Can Help Make College Affordable

September 2001

V2001-35

Rising tuition threatens to drive the cost of higher education beyond the reach of many students. But a little-known provision of the new tax-cut law can help Michigan families struggling to afford college.

Journals**Michigan Education Report**

MER2001-03 \$3.00

Another information-packed edition of Michigan's leading source

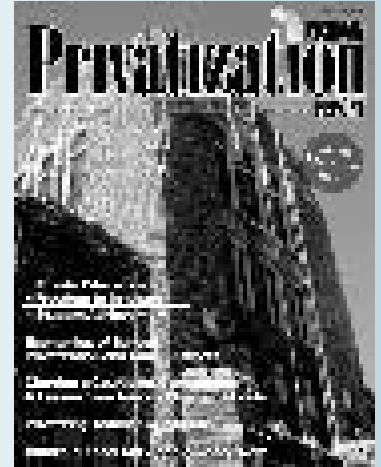


of education news and views. Features include changes in school funding after Proposal A, the effects of Michigan's public schools-of-choice law, corporate involvement in public education, and the winner of MER's Palm Pilot giveaway. Commentary topics include local control of education and the importance of homework, and two educators debate the best way to hold schools accountable. 12 pages.

Michigan Privatization Report

MPR2001-03 \$3.00

Put MPR in your backpack and head off to class with our special fall 2001 education issue. Fea-



tures discuss privatization in small school districts, alternatives to state certification of teachers, and what Michigan can learn from Arizona's experience with charter schools. Other articles include a profile of a successful Oakland County private food service provider and the results of our school privatization survey. 16 pages.

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 (989) 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, please request your free copy when ordering.

Ideas Move State Superintendent to Visit Center

It's true that ideas move the world. It's also true that policy-makers have to move with those ideas or else get left behind. That's why Michigan Superintendent of Public Instruction Thomas Watkins was moved to visit Midland on Aug. 17 to discuss the latest education reform ideas with Mackinac Center for Public Policy experts.

Watkins, a Democrat who served in the administration of former Gov. James Blanchard, received a tour of the Mackinac Center's 17,000-square-foot downtown office and research facility. The tour was followed by a vigorous exchange of policy proposals with Director of Education Policy Matthew Brouillette, Director of Leadership Development Mary Gifford, former state representative and Senior Advancement Officer Susan Grimes Munsell, and Education



Mackinac Center education experts met with State Superintendent of Public Instruction Thomas Watkins (center), who applauded the Center's early intellectual support for charter schools. Watkins was instrumental in creating Michigan's first charter school.

Research Assistant Elizabeth Moser.

During the wide-ranging discussion, Watkins agreed with the recommendation, from a September 2000 Mackinac Center study on remedial education, that businesses

should hold schools accountable for the remedial training too many employers are forced to give to ill-prepared graduates. He also was open to proposals to relax needlessly stringent and costly state teacher certification requirements, which not only

bar many talented instructors from entering the classroom, but also fail to ensure that those who do teach are well suited to the task.

"Eighty percent of our teachers have master's degrees, 100 percent are certified, and 20 percent of kids are learning. Something is wrong," he told Center staff.

Watkins is promoting his "Thirty Ideas in 30 Days" program. Among the ideas were proposals to increase parental involvement, maximize financial efficiency, and improve teacher accountability, but there was no plan to expand school choice for parents.!


MACKINAC CENTER
FOR PUBLIC POLICY
140 West Main Street • P.O. Box 568 • Midland, Michigan 48640

NON PROFIT ORG.
U.S. POSTAGE
PAID
MIDLAND, MI 48640
PERMIT #275