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Michigan Voters Strongly Favor School Choice

U. S. Supreme Court Upholds Vouchers

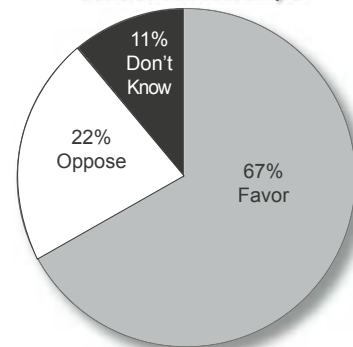
On the eve of the historic U. S. Supreme Court decision upholding the Cleveland voucher program in late June, the Mackinac Center for Public Policy released the results of its state-wide poll of Michigan voters' attitudes toward school choice programs. The results confirm that two-thirds support a broad tuition tax credit plan, and just under half support a Cleveland-style voucher.

The Court's ruling—that Cleveland's voucher program does not violate the

Constitution's Establishment Clause even though most of the program's students choose a religious school—is a major victory for parents who want to choose the safest and best schools for their children. The decision, strongly denounced by school employee labor unions including the Michigan Education Association, clears the way for more cities and states to try school choice programs and shifts the legal battles over those programs to the states.

The effect on Michigan may not be immediate. A 1970

Support for Universal Tuition Tax Credits
For individuals or companies who fund non-public or public school scholarships



Support among voters is strongest for universal tuition tax credits.

amendment to the state's constitution still outlaws vouchers, education tax credits, and any form of direct or indirect
See **"Choice"** on page 4

Students and Teachers Register for Debate Workshops

National Geographic Bee Winner Attended Last Year's Program

Public and private high school students and their teachers are registering now for annual Mackinac Center High School Debate Workshops to be held in Grand Rapids, Midland, Jackson, and Livonia in September and October. The day-long programs are designed to help students learn debating techniques and gather

information on the national debate topic, chosen by the National Forensics Association and debated by more than 100,000 top students in Michigan and across the country. This year's topic is "Resolved: That the United States federal government should substantially increase public health services for mental health care in the United States.

One of the Mackinac Center's high school debate workshops last year was a special session for home-schoolers. Little did we know that among the participants was a future Michigan celebrity. Tagging along with his older brother Parnell to see if he wanted to participate someday was 10-year-old Calvin McCarter, who would go on the following May to
See **"Debate"** on page 4



"The Mackinac Center, assisted by the Institute for Justice ... will easily defeat the MEA's frivolous claim of "misappropriation."

—Washington Post columnist George Will, writing about the lawsuit the MEA filed after the Mackinac Center accurately quoted the union's president saying "Frankly, I admire what they [the Mackinac Center] have done." See story on p. 5.

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Joseph Lehman
Executive
Vice President

Standing Up for Principles When Politicians Won't

In a display of profound economic ignorance by a top government official, then-U. S. Treasury Secretary Lloyd Bentsen said in a 1993 interview that the immense Mississippi River flood—at that moment smashing through \$20 billion worth of property and on its way to killing 48 people—might be good for the economy. The former U. S. Senate Finance Committee chairman explained, “You have to look at all the jobs that will be created to repair the damage.”

If economic growth comes from damage repair, why wait around for unpredictable natural disasters? Why not just burn down all our buildings, set the rebuilding crews to work, and congratulate ourselves for “stimulating” the economy? (No one demolishes this kind of fallacy better than Henry Hazlitt in his classic book, “Economics In One Lesson.”)

Most sensible people realize that repair is not preferable to avoiding damage in the first place—even if, once damage is done, the repair and rebuilding crews are a welcome sight.

Words by powerful officials that propound economic ignorance or squishy principles can be more destructive than a flood. Sometimes the Mackinac Center has to come along afterward, like a rebuilding crew, to set the economic facts straight or articulate the principles that politicians swore to uphold but then abandoned.

For example, members of both major political parties claim to advocate good schools and greater parental involvement. But when they take more money from parents, give it to failing schools, and then deny parents more ability to choose safer and better learning environments for their children, the Mackinac Center points out the hypocrisy and harm.

When a candidate shows signs of wavering on a pledge to keep property taxes low, we shine a light on it.

When one party claims to defend the working poor, but then chops off the lower rungs of the economic ladder with political gimmicks like “living wage” laws, we show the resulting joblessness.

When public officials renounce corporate welfare on principle, yet become champions of it in practice, the Mackinac Center may be the only voice beckoning them back to the higher principles they once held.

The Mackinac Center's independence gives us unique freedom and effectiveness in speaking out. “Speaking out” isn't all we do—our core activity is policy research and education—and sometimes we get criticized for telling it like it is.

But candor and courage earn us respect and admiration, even from opponents. That may be why MEA President Luigi Battaglieri said at one of his news conferences that he “admires” what the Mackinac Center has done. The fact that he and his union are preposterously suing us for repeating his public praise does not deter us from speaking the truth, nor from fighting for our right to do so.

No matter which political parties control the governorship and Legislature after November, the Mackinac Center for Public Policy will be as vigilant as ever to promote principles of limited government, free markets, and civil society.!

Joseph G. Lehman

Optimism Is Vital, Reed Tells Directors at National Conference

Research institutes like the Mackinac Center for Public Policy all have boards of directors or trustees, composed of talented, accomplished, like-minded individuals dedicated to the success of their policy work. But think tanks vary in the degree to which their boards participate and lend their talents and abilities to the initiatives that generate policy victories and keep us moving forward.

Leave it to the State Policy Network (SPN), that long-time friend and champion of the free-market think tank movement, to identify an area where some of its member organizations could use some help, and offer a first-of-its-kind seminar to deal with it.

This summer, Mackinac Center President Lawrence



Reed exhorts think tank executives and board members to be optimistic, committed, balanced, and professional. His essays on think tank leadership have been published in the newsletters of the Heritage Foundation and the Atlas Economic Research Foundation.

Reed was among the many nationally renowned experts invited by SPN to speak before its first annual Board Leadership Training Conference. Held at the Broadmoor Hotel and Penrose House Conference Center in Colorado Springs from July 31

through Aug. 2, the conference hosted think tank board members, presidents and staffers, who learned effective ways to engage their boards in their policy research.

Reed's address focused on four essentials for good think

tank leadership: optimism, commitment, balance and professionalism. On the importance of optimism, Reed told think tank leaders and board members to "... always be positive about what you're doing and where you're heading. Pessimism is self-fulfilling. If you're not sold on your work, your work won't sell."

Reed was effusive in his praise of SPN's program. "Under the leadership of President Tracie Sharp, State Policy Network has become absolutely indispensable to the blossoming free-market think tank movement," he said.

Reed has been a member of SPN's Board of Directors for 10 years and served as the board's president in 1994.!

New Booklet Challenges Factions to Work Together for School Excellence

Just as "the great pamphleteer" Thomas Paine disseminated his "Common Sense" far and wide in 1776—moving many fence-sitters to the revolutionary cause—the Mackinac Center is targeting thousands of new booklets to Michigan citizens who may be interested in school reform, but are not yet fully committed to the cause.

The booklet, the first in a series, is written in a simple, straightforward style, and is entitled "*With Clear Eyes, Sincere Hearts and Open Minds: A Second Look at Public Education*

in America." Author Andrew J. Coulson, Mackinac Center senior fellow in education policy, invites Michiganians to put aside their preconceptions for a moment to consider the merits or demerits of school reforms such as increased spending, reducing class size, nationalizing curriculum, testing, model schools and school choice.

Coulson extends an olive branch to factions for or against purported solutions to the education crisis. "Our school system is not falling short academically because of the people who staff it or the

curricula they teach. It is not falling short due to lack of funds or good ideas. It is falling short because it lacks a mechanism that consistently promotes, identifies, perpetuates and disseminates good ideas." As he writes in his opening paragraphs, "If we can manage to cease hostilities for a while, we just may be able to make that wish [for school reform] a reality."

Days after the U. S. Supreme Court ruled in favor of Cleveland's school voucher program, more than 10,000 school

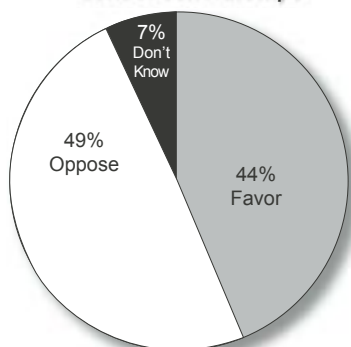


board members, legislators, education officials, policy experts, journalists, teachers and other Michigan citizens received their copies of "*Clear Eyes.*"

Upon receiving his copy, State Superintendent of Public Instruction Tom Watkins requested a meeting with Coulson. Coulson's previous book, "*Market Education: The Unknown History,*" was described as "excellent," "thoroughly researched," and "unusually well written" by Nobel laureate Milton Friedman.!

“Choice” from page 1

Support for Cleveland-Style Vouchers
For individuals or companies who fund non-public or public school scholarships



Vouchers received less support than tuition tax credits, but more than they received at the polls in 2000.

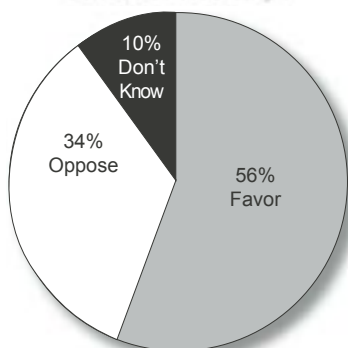
government aid for any non-government K-12 school. A statewide ballot question in 2000 that would have amended the constitution to permit limited vouchers garnered only 31 percent support.

The Mackinac Center poll (see charts), conducted June 19-25 by Lansing-based EPIC/MRA, found support for school choice in Michigan is weakest for vouchers (44 percent in favor vs. 49 percent opposed) and strongest for universal education tax credits similar to a plan crafted by the Mackinac Center (67 percent in favor vs. 22 percent opposed). The poll of 600 Michigan voters has an error margin of +/- 4 points.

The Center's poll and its scholars were cited by the Wall Street Journal, Washington Post, Associated Press, and nearly every daily Michigan newspaper. (Complete poll questions and results may be viewed at www.mackinac.org/4435.)

Although the U. S. Supreme Court's ruling does not automatically eliminate Michigan's constitutional prohibition against education tax credits, it does lower the legal barriers and boost national momentum for all types of school choice plans. Education tax credits are already in place in six states and “Michigan will be far from the very last state to enact meaningful school choice,” according to Mackinac Center Director of Education Policy Dr. Kirk Johnson.

Support for Broad Tuition Tax Credits
For individuals or companies who fund non-public school scholarships



Tuition tax credits, even if limited only to those that help students attend a non-public school, are supported by a majority of voters.

Mackinac Center research for nearly 15 years laid the intellectual groundwork that has led to Michigan's existing public-school choice and charter school programs. Mackinac Center allies, especially the Washington, D. C.-based Institute for Justice, were very influential in the June legal victory for school choice at the Supreme Court.!

“Debate” from page 1

become the youngest winner ever of the National Geographic Bee.

information on attending, please contact the Mackinac Center at (989) 631-0900 or mcpp@mackinac.org.!

The Mackinac Center is not claiming credit for Calvin's



Calvin McCarter, who attended a 2001 Mackinac Center Debate Workshop, won the 2002 National Geographic Bee.

win—but the presence of Calvin and Parnell, members of a family that takes education seriously enough to win a national prize, is indicative of the caliber of students attracted to the Center's debate workshop program, now in its 15th year.

“Attending this very thought-provoking workshop got my older son [Parnell] excited about the coming debate season at his school,” says Charlotte McCarter, mother of the two boys, who live in Jenison, near Grand Rapids. Calvin, though old enough to win the National Geographic Bee, is too young for his brother's debate club. Still, he says “Someday, I want to attend the debate workshops.”

More than 7,000 students and teachers have benefited from the workshops. For more

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

George Will: "MEA Lawsuit an 'Assault on Free Speech'"

Already this year, the Mackinac Center has hit a media "grand slam," with coverage in the nation's four largest newspapers: The Wall Street Journal, The New York Times, USA Today, and the Washington Post. Here are just a few of the Center's media citations from the past quarter:

- On June 23, Washington Post syndicated columnist George Will came to the

Presley, President Lawrence Reed's musings about a man who died the same month—Groucho Marx—appeared in USA Today Aug. 19. Reed compared Groucho's legacy with that of "the other Marx," Karl, writing that "Both brought tears to the eyes of millions, but for very different reasons."

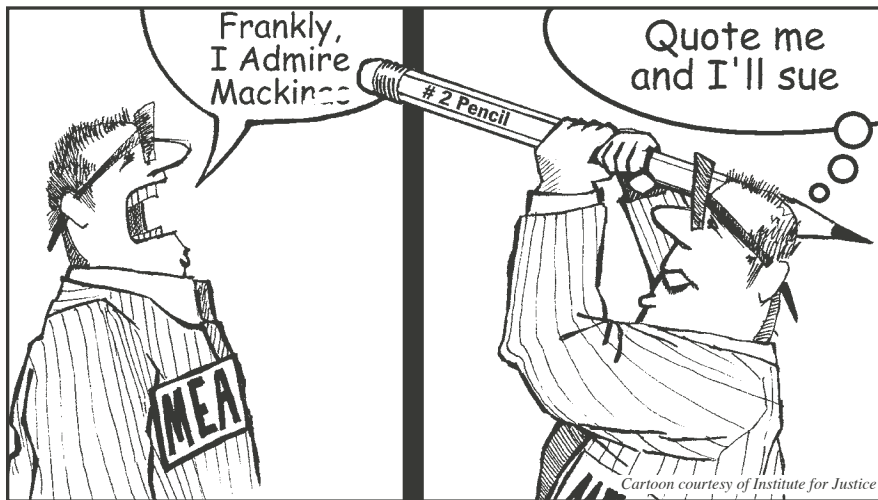
- The next day, USA Today cited the Mackinac Center again, this time for the Center's research on the cost to community colleges of

MRA poll showing that two-thirds of Michigan citizens favor tuition tax credits. The findings appeared in the Grand Rapids Press, Detroit Free Press and other Michigan papers.

- The Associated Press, The Detroit News and the Detroit Free Press all quoted Executive Vice President Joseph Lehman on the U.S. Supreme Court's June 27 decision upholding Cleveland's school voucher program. National Review Online also published

missioned EPIC/MRA poll showing clear majorities in favor of legislation requiring unions to disclose their finances and to obtain worker permission before using dues money for political purposes.

- National Review Online featured a commentary July 22 by Mackinac Center President Lawrence Reed on the high cost of prescription drugs. Reed told readers there are good reasons prescription drugs cost what they do: Drugs today are more effective and save money that would otherwise be spent at the hospital.



defense of the Mackinac Center, which is being sued by the Michigan Education Association. The MEA is suing the Mackinac Center for accurately quoting the union's president, who said at one of his own news conferences, "Frankly, I admire what they [the Mackinac Center] have done." In a column appearing in the Post and other newspapers, Will called the MEA's lawsuit a "liberal assault on free speech," and predicted the Center "will easily defeat the MEA's frivolous claim."

- In August, while many focused on the 25-year anniversary of the death of Elvis

remedial education.

- Early in July, the Wall Street Journal

and pacts "run roughshod over the rights of employers

a commentary by Communications Specialist Samuel Walker lauding the decision. Both Lehman and Walker touted tax credits as the most viable option for school choice in Michigan.

- In a Detroit News commentary Sept. 3, Director of Labor Policy Robert Hunter charged that many union organizing rules



- In only its first year, MichiganVotes.org, the Mackinac Center web site offering comprehensive information on Michigan legislation, has been named by the Detroit Free Press as a "favorite Michigan web site." On July 15, the Free Press listed MichiganVotes.org as offering "concise and objec-

THE WALL STREET JOURNAL



The Washington Post

acknowledged the Mackinac Center as "a leading promoter of tuition tax credits" in the nation. Later that month, both the Journal and the Washington Post quoted Senior Vice President Joseph Overton and cited a Mackinac Center-commissioned EPIC/

The New York Times

and employees to fairly and freely make their decisions about unionization." The same day, a News editorial cited a Mackinac Center-com-

tive descriptions in plain language of every single bill, amendment and vote that takes place in the Michigan Legislature."!

Policy Makers Learn from Experts on Privatization, Productivity, and Political Humor

Scores of state officials, policy-makers, and legislative staff came in from sweltering summer heat for cold drinks and a slice of sound policy at three Mackinac Center for Public Policy Issues and Ideas luncheons in Lansing.

The June gathering welcomed economist and Mackinac Center scholar Dr. William Wilson as he discussed the findings of his recent study, "The Effect of Right-to-Work Laws on Economic Development." Wilson, a former vice president of Comerica Bank, explained how citizens in states that limit compulsory union arrangements enjoy the competitive edge in job opportunities, employment,



Decades of economic data confirm that compulsory unionism restricts job opportunities and retards economic prosperity, Dr. Wilson said.

purchasing power, and six other broad economic measurements.

If Michigan followed the lead of 22 "right-to-work" states and banned the practice of requiring union membership or financial support as a condition of employment, Wilson



Patterson tells legislators about privatization efforts in Oakland County, which has a budget of \$533 million and 4,400 employees.

told legislators, it would mean a higher standard of living for citizens.

Based on several decades of labor and economic data, "the compelling conclusion is that right-to-work laws increase state economic development and overall prosperity," Wilson noted.

In July, featured speaker L. Brooks Patterson, executive of Oakland County, explained how his administration's twin policies of privatization

and innovation in government have helped Oakland become one of the most prosperous and affluent counties in America.

Residents enjoy the benefits of Oakland County's numerous privatization initiatives in two ways, Patterson told

the audience. First, the quality of the county services contracted out to private providers—including dental and medical care for low-income citizens—shows marked improvement, he

noted. Second, the cost savings—over \$9 million since Patterson took office in 1993—have helped Oakland taxpayers enjoy the second-

Freelance writer and Detroit News editorial cartoonist Henry Payne spoke in August on the art of political cartooning and his new book, "Payne & Ink: The Cartoons and Commentary of Henry Payne, 2000-2001." Payne delighted the audience with displays of his cartoons and illustrations, which lampoon politicians, athletes, and other public figures and issues, often from a free-market perspective. His syndicated cartoons appear in over 60 newspapers worldwide, and at www.henrypayne.com.

Monthly Issues and Ideas luncheon forums provide government officials a broad



Mackinac Center Issues and Ideas Luncheon
Guest Speaker: Henry Payne, The Detroit News, August 12, 2002

Payne describes how he illustrates free-market ideas in his editorial cartoons. He is shown here in a Mackinac Center video of the Issues and Ideas program.

lowest county tax burden in Michigan.

Oakland County's lower taxes, efficient services, and business-friendly climate also have earned Wall Street's vote of confidence in the form of the county's AAA bond rating, Patterson said.

philosophical perspective on current topics, emphasizing free-market solutions to important policy questions.!

“Power to Choose” Seminars Train School Reform Leaders

In education policy, the Mackinac Center has one unwavering foundational principle: All Michigan parents should have the power to choose the safest and best schools for their children.

We think that's a message with a market—and it has a new advocate in former U. S. Marine Brian Carpenter, our new director of leadership development (see story on p. 6). Brian is on the road with a new series of seminars for parents, educators, and community leaders entitled “The Power to Choose.”

The leadership development team has begun to blanket the state with dynamic one-

and-a-half hour seminars that explain what has happened to Michigan's education system and what can be done to improve it. The first four seminars since the U. S. Supreme Court upheld Cleveland's school voucher program were held in early September in Grand Rapids, Lansing, and Detroit (2 seminars). Thanks to the generosity of Mackinac Center supporters, the programs are free of charge, although advance registration is required. One attendee, a Detroit-area business owner, was so impressed by the seminar that he used the Mackinac Center's website to make a \$1,000 contribution to the Center the next business day.

“Through Power to Choose seminars,” said Carpenter, “thousands more Michigan citizens will be equipped to be community leaders and advocates in education reform. We're helping citizens act on the reality that schools have no incentive to change until they have to compete for enrollment.”

As headmaster of independent schools for 12 years,

Carpenter understands that school quality is closely linked to parent satisfaction. Carpenter said, “Parents ultimately require the school to produce what they want, not what school boards, unions or administrators want.”

For more information or to request a seminar in your area, contact Brian Carpenter at

Carpenter@Mackinac.org or call (989)-631-0900.!



Coonradt and Carpenter Join Staff

Goals: Secure Major Gifts; Build Network of Community Leaders

Two men, Marine Corps veterans John Coonradt and Brian Carpenter, have joined the Mackinac Center staff as director of advancement and director of leadership development, respectively. Coonradt and Carpenter carry with them not only the ideals of liberty, but also that can-do attitude that characterizes America's venerable fighting force.

After serving as a Marine Corps officer, Coonradt built a successful career at one of Michigan's outstanding institutions, Hillsdale College, where he was director of corporate institutional advancement and a

dean of the college. Coonradt is responsible for the growth and development of the Mackinac Center's major gifts



At a bi-annual Mackinac Center Leadership Conference for think tank executives, Director of Advancement John Coonradt explained how to implement a systematic fund-raising program.

and annual giving programs. He assists with strategic planning for fundraising

and major policy initiatives, such as the Science, Environment, and Technology Policy initiative launched earlier this year with new multi-year funding that totaled \$600,000.

Carpenter's mission is to build a statewide network of grassroots community leaders who understand and can articulate the need for education reform in Michigan. His first goal is to conduct a series of educational seminars throughout the state (see story above) to equip ordinary Michigan citizens with the knowledge they will need to join this network of community activists.

Carpenter's master's degree is in education and counsel-



Education reform leader and former Superintendent of Milwaukee Public Schools Howard Fuller (right) congratulated Director of Leadership Development Brian Carpenter after Carpenter's presentation in Detroit to the Michigan chapter of Black Alliance for Educational Options.

ing. Before coming to the Mackinac Center, he founded and served as headmaster of independent primary and secondary schools in Texas and North Carolina.!

Brennan Brown: A Contributor with Chutzpah

The late Leo Burnett once said, "If you reach for the stars, you may not always get one, but you won't come up with a handful of mud either." The message: Fighting for a good cause is always fruitful and noble, and setbacks should never shake your confidence.

That spirit guides one of the Mackinac Center's most loyal supporters, Brennan Brown of Ortonville, Mich. Brown, 26, became acquainted with the Mackinac Center in his studies at Northwood University in Midland, where he earned a degree in economics and business management in the late '90s. He earned an MBA from Central Michigan University in 2000.



Mackinac Center supporter Brennan Brown, then with the Michigan School Board Leaders Association, testifies before the Michigan House Education Committee that limits on the number of charter schools should be lifted.

While at Northwood, Brown worked at the Mackinac Center as a volunteer, an intern, and later as a development assistant. His enthusiasm for education reform led also to a stint with the

Michigan School Board Leaders Association.

Brown ran as a candidate in the August primary for the 26th state senate seat. With an army of "Brown Backers,"

he campaigned across 13 Genesee and Oakland County townships. Though he fell short of victory, his sound policy positions helped him garner the endorsements of the Flint Journal, the Oakland Press, and Oakland County Executive L. Brooks Patterson. Brown remains unwavering in his support for free markets and limited government.

Brown's campaign ideas included some from the 2002 Mackinac Center study "Keeping Michigan on Track," a collection of more than 70 proposals for legislators. "The Mackinac Center," Brown said, "gave me knowledge and the passion to make the case for freedom."!

Membership Has Its Privileges

When you become a member of the Mackinac Center, we place your finger on the pulse of Michigan's body politic. From that point on, you know what's at stake in the most important issues facing Michigan families, schools, towns, cities and local and state governments.

In return, it is our hope that you will share the message of political liberty, free markets and limited government with your friends, neighbors, colleagues, relatives, school board members and government representatives.

But I wonder if you realize how vital it is to our success that you, in your daily contacts, spread the word about



Dave Aussicker, Vice President for Advancement

Mackinac Center membership. In fact, it is your assistance in recruiting new members that ensures the success of the principles we stand for.

Wondering about how to make your pitch? Here are some of the conversation-starting materials you can place in the hands of your daily contacts:

- *Michigan Education Report*, a quarterly newspaper that tells Michigan parents, educators, and policy makers all

they need to know about developments in education throughout the state. Over 100,000 teachers receive this publication.

- *Michigan Privatization Report*, the largest-circulation quarterly privatization journal in the world, helps taxpayers and local officials improve services and save money by competitive contracting, fiscal analysis, and returning to the private sector certain government activities.

- *Impact!*, the official quarterly newsletter of the Mackinac Center for public policy that you are holding in your hand now.

- *Viewpoints*, the Mackinac Center's series of incisive commentaries, four per month, that are frequently featured in newspapers throughout the state.

- All the vital research studies and special reports that have made the Mackinac Center a household name in both houses of the Michigan Legislature.

I assure you that, by familiarizing yourself with the facts and analysis in these publications, you'll have no problem speaking authoritatively on Michigan issues with people ranging from your neighbors to your state representatives in Lansing.

We would be happy to provide you with material and ideas to introduce your friends to the Mackinac Center. For more information, please contact our Advancement office at (989) 631-0900.!

Marketplace or Morality Play?

by Daniel Hager

The cry for justice following the debacles of Enron, Global Crossing, WorldCom, and other recent major business failures has been tiringly familiar: Expand government power. More laws need to be passed. The scoundrels must be stopped. Their greed knows no bounds. Only government has the force to impose the proper controls.

This attitude reveals an astonishing lack of understanding with regard to how economies work. The marketplace imposes a much stricter morality on those who participate in it than government ever can. Government can only create laws and try to enforce them. Consumer behavior carries a cudgel that is far more potent.

After all, in the marketplace, the seller is in business not merely to offer a product or

service but to offer value. Fair dealings with the customer are part of the value of a product or service. A business prospers when it is built on the continuing presentation of value resting on a foundation of integrity and character.

Not all businesses operate that way. Most of us have said, "I'll never buy that product again," or "I won't shop there any more." Why? Because the price we paid or refused to pay, either in money or in suffering inconvenience or disrespect, turned out to exceed the value of what we otherwise would have bought. We felt cheated. Businesses that perform consistently in this way lose so many customers that they suffer. The marketplace punishes deficiencies in integrity and character.

It disciplines consumers also. Sellers do not want to be

rooked by cheats and deadbeats—thus the need for a private credit-reporting industry. The market is a stern moralist toward both sides.

This principle casts the current public lust for the scalps of disgraced corporate high-flyers in an ironic light. After all, these chieftains' greed was abetted by too many Main Street investors who recklessly threw their money into the stock market—consumers, essentially, whose own character defect enabled that of the higher-ups.

Investing in financial instruments carries inherent risk. We transfer our money to strangers. We expect them to increase it—but how well can we know them? We make a judgment, and we take our chances. Prudence suggests we would do best to seek modest returns under conservative strategies.

The latter 1990s blew prudence away. Conservative investments such as CDs and money market accounts took a back seat to high-yielding stocks. We could put forth our money, not have to do a lick of work with it, and watch it come back doubled or tripled or more. Greed trumped caution.

But the signs of trouble were visible for those who wished to perceive them. How objective is a firm that sells both financial-verification and consultant services to its clients? How impartial is a firm that wants to both rate corporations' stocks and get their investment-banking business? We could discern through corporate annual reports that executives were receiving stratospheric levels of compensation through the chummy connivance of their boards of directors.

Never, at any point along the way, were we prevented from pulling our money from the stock market and putting it into CDs at 5 percent. But we didn't. Why do that when greed can get us 10 or 20 times that much?

The marketplace chastens like a Puritan schoolmaster.

Rank-and-file cupidity also drove the stock market in the 1920s before its downfall in 1929. Calls for an orgy of government meddling—like we're hearing today—resulted in the New Deal 1930s and the Securities and Exchange Commission (SEC). Did the SEC's regulations prevent market meltdown? Neither will a new round of government controls.

See "Markets" on next page



The Justice Dept. indicts 535 executives for cooking the books.

“Markets” from page 9

Now the commission is seeking to force “transparency” in corporate financial reporting. But, as anybody knows who has ever driven 36 miles per hour or faster in a 35-mile-per-hour zone, regulations and laws can be circumvented by those with the will to do so. At the same time, such regulations will have a strangling effect on honest businesses that seek to abide by them. The time and effort honest entrepreneurs waste complying with a whole new set of regulations is time and effort not applied to the creation of new wealth.

What’s the real answer? Think about it: An integrity vacuum now exists in the marketplace. Investors want to know who, within the great welter of corporations, operates with honesty, character and integrity.

The private sector already rates the financial soundness of insurance companies. It rates corporations for the relative reliability of their bonds. Why not start a new business that rates corporations for their integrity and character? Assemble a crack staff and exhaustively investigate each company’s corporate culture and behavior for its ethical underpinnings. Issue integrity certificates to those who pass a stiff standard. Create an integrity index.

And if you do so with integrity, guess what? The marketplace will reward you.!

Daniel Hager is an adjunct scholar with the Mackinac Center for Public Policy and the author of several Viewpoint commentaries.

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Viewpoint Commentaries

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July 2002 V2002-026
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Evaluating New Drugs: Remember the Bigger Picture

July 2002 V2002-27
Critics of high-priced pharmaceutical products are missing the bigger picture: Over the past several decades, better, more expensive drugs are making far more expensive treatments such as surgery no longer necessary, in many cases.

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Michigan Workers Are Ready for Right-to-Work

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Most Michigan citizens support workers’ right not to join or pay

dues to a union in order to get or keep a job, and a new study confirms states that respect this right enjoy greater economic prosperity.

Time to Tame the Tax Beast in Michigan

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September 2002 V2002-32
Regulatory “takings” of private property are controversial, but exchanges of surplus government land for privately owned land rendered unusable by government action provide a compromise solution.

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September 2002 V2002-33
Performance warranties on highway projects, already used in at least 10 states and eight European countries, could help improve road quality in Michigan.

Why Tax Credits Could Be Good for Public Schools

September 2002 V2002-34
Critics who charge that school choice in the form of tuition tax credits would “drain” funds from public schools haven’t done their economic homework.

Bypassing Proposal A through the Sinking Fund Gambit

September 2002 V2002-35
A bill that would allow school districts to use “sinking funds” for the same purposes as regular school bonds would effectively circumvent Proposal A’s property tax limits.

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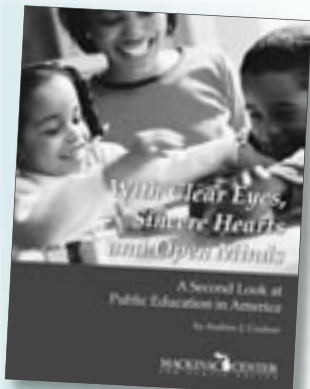
on government "renaissance zones," Gov. Engler's plan for state management of alternative energy research and development, how and why government tax favoritism and subsidies to selected businesses are both unfair and ineffective, and more. 16 pages.

Reports & Studies

With Clear Eyes, Sincere Hearts and Open Minds: A Second Look at Public Education in America

SP2002-03 \$3.00

Andrew J. Coulson, the Mackinac Center for Public Policy's senior fellow in educa-



tion policy, writes this introspective booklet embodying the exact characteristics described in its title: clear eyes, sincere hearts, open minds. A non-judgmental, logical, heartfelt, and necessary in-depth look at America's system of schooling. 34 pages.

Keeping Michigan on Track: A Blueprint for a Freer, More Prosperous State

S2002-01 \$10.00

New legislative opportunities will soon come with this year's elections for the Michigan



House, Senate and governorship. In this report, the Mackinac Center for Public Policy's staff and Board of Schol-

ars offer dozens of specific ideas for the Legislature and the governor—both current and future officeholders—to consider in crafting state policy for the next term and beyond. The report's recommendations include ways to strengthen protection of private property rights, improve environmental protection, spur economic growth and prosperity, and much more. 68 pages.

The Effect of Right-to-Work Laws on Economic Development

S2002-02 \$10.00

In this report, economist and former Comerica Bank vice president William Wilson compares states with and without right-to-work laws, which determine whether or not employees can legally be forced to join a union as a condition of employment.



Wilson finds that in nine major economic categories, states that outlaw compulsory-union work environments are either outperforming Michigan and other non-right-to-work states or gaining ground steadily. Wilson concludes with a call for state policy-makers to open a debate over the right-to-work issue and the greater freedom and prosperity it brings. 40 pages.

Proposal 3: Establishing a Constitutional Requirement Extending Mandatory Collective Bargaining and Binding Arbitration to State Government Employees

S2002-04 \$5.00

An analysis of Proposal 02-3 that will appear on the November 5, 2002 statewide ballot. 12 pages.

Special

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Mackinac Center President Lawrence Reed's speech to the Economic Club of Detroit is a



concise economic guide for policy-makers and a primer for students and other citizens. 8 pages.

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Candidates Rely on Mackinac Center for Ideas and Information

Detroit Free Press Names MichiganVotes.org a "Favorite" Web Site

Elected officials have long used Mackinac Center research in making policy, but now those who seek to win elections are using Mackinac Center resources to help them do so.

Candidates told us that two Mackinac Center resources in particular were factors in last summer's primary campaigns: The award-winning website MichiganVotes.org, and the study "Keeping Michigan on Track: A Blueprint for a Freer, More Prosperous State."

MichiganVotes.org, a one-year-old free public service of the Mackinac Center, is a continuously updated web database of concise, plain-language descriptions of each and every bill, amendment, and vote that takes place in the Michigan Legislature. Users search by legislator, bill number, keyword and nearly 100 policy categories.

MichiganVotes.org helps citizens, journalists, lawmakers, lobbyists, and interest groups understand the true meaning of complex legislation and murky legislative maneu-



Lt. Governor and gubernatorial candidate Dick Posthumus (left) asks Executive Vice President Joseph Lehman a question about "Keeping Michigan on Track" at the Mackinac Center in June.

vers that can be intended to shield officials from clear accountability. Last summer, political candidates reported using the website for "opposition research" into their incumbent opponents' voting records.

State Rep. Robert Gosselin, R-Troy, who campaigned for the 13th-district state house seat against Shirley Johnson, R-Royal Oak, called MichiganVotes.org "one-stop shopping for opposition research," and "the best way

to find out how my opponent voted on important bills."

Gosselin added, "Legislators wouldn't get away with ... games if citizens used this site more."

Mike Rogers of Farmington Hills, a successful candidate for the Oakland County Commission, used MichiganVotes.org in his campaign to track transportation-related legislation that affects his district's congested roads.

The MichiganVotes.org team is managed from Lansing by Mackinac Center Legislative Analyst Jack McHugh. The Detroit Free Press has named the service one of Michigan's 40 favorite websites, and the top government-related site not run by government.

Last May, the Mackinac Center published "Keeping Michigan on Track," a thick compendium of 77 of our best policy recommendations for increasing freedom in education, protecting the rights of workers, upholding property rights, spurring economic growth, improving environmental protection, enhancing infrastructure, and limiting state taxes and spending.

The document quickly started a buzz in Lansing and on the primary campaign trail.

When Mike Gardner of Flushing Township, successful primary candidate for the 48th-district House seat, heard that the Mackinac Center was preparing its legislative blueprint, he requested advance copies from the Center. "The free-market ideas in the Mackinac Center study will form the backbone of my winning campaign in the general election," Gardner predicted.

Brennan Brown of Ortonville (see story on p. 8), primary candidate for the Senate's 26th-district seat, said ideas in "Keeping Michigan on Track" helped him earn official endorsements over his opponent, including nods from the Flint Journal, the Oakland Press, and Oakland County Executive L. Brooks Patterson.

Citizens who want to ask candidates where they stand on the ideas in "Keeping Michigan on Track" may obtain copies by calling (989) 631-0900, or by downloading it from www.mackinac.org!