

Impact

Winter 2015

The Fight to End Mandatory Union Dues

A Pacific Research Institute Publication



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MARCH 11, 2016
ISLAND HOTEL
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Baroness Thatcher Liberty Award Recipient
RICHARD A. WALLACE



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Dear Friends,

This has been an incredible year for the Pacific Research Institute. We have made great strides advancing free-market ideas in the areas of education, health care, business and economics, restoring prosperity in California, and energy and the environment. But our work is not done. Now more than ever, the fight for market-based policy reforms requires non-stop, articulate presentation of ideas that promote innovation, marketplace competition, limited government, and individual choice. With our team of unmatched public policy experts, PRI is in a unique position to continue doing just that in 2016.

This edition of *Impact* includes a special feature on the U.S. Supreme Court case *Friedrichs v. California Teachers Association (CTA)*. Earlier this year, PRI submitted an *amicus* brief to the Court on behalf of Rebecca Friedrichs, a veteran public school teacher in Buena Park, California, fighting to strike down compulsory union dues laws in 26 states. An adverse ruling for the CTA could deal a serious blow to public sector unions not only in non-right-to-work states but also around the country. Oral arguments will be heard on January 11, 2016. A decision in the case is expected in June. I am sure that you will be inspired by Rebecca's story and her efforts to protect worker freedom in America.

We are also pleased to highlight PRI's highly successful *50-State Index of Small Business Regulation*, a study comparing the regulatory burdens of small businesses across the 50 states. The study's author, PRI Senior Fellow Dr. Wayne Winegarden, ranked every state by how friendly its regulatory environment is to the small business entrepreneur. Indiana ranked first as the friendliest to small businesses. And—spoiler alert—California ranked dead last at number 50. You can download the entire report at our website. It has received widespread coverage in the media.

For this issue's *Interview with a Supporter* feature, we are delighted to include a Q&A with William E. Simon, Jr., Co-Chairman of the William E. Simon Foundation. Bill has been a close friend and a loyal supporter of PRI for many years. His commitment to the principles of freedom and liberty is inspiring and we are honored to feature him in this edition of *Impact*.

At PRI, we remain committed to the same free-market, liberty-based principles that have always been at the core of our organization. With your support, we will continue to bring new approaches to solve persistent problems in California and across the nation through innovative, free-market thinking.

Thank you for your continued support of PRI.

Sincerely,

Sally C. Pipes
President, CEO, and Thomas W. Smith
Fellow in Health Care Policy

Rebecca Friedrichs:

Challenging Compulsory Union Dues and Standing Up for Freedom

In March 2015, PRI filed an *amicus* brief urging the U.S. Supreme Court to hear *Friedrichs v. California Teachers Association* (CTA)—a major case challenging compulsory union dues that nearly all California teachers are required to pay. The case, spearheaded by the Center for Individual Rights (CIR), was brought by Buena Park teacher Rebecca Friedrichs and other Orange County teachers who object to supporting the CTA. The suit claims state “agency shop” laws, which require public employees to pay union dues as a condition of employment, violate their rights to freedom of speech and association.

On June 30, the Court agreed to hear the case and PRI filed a second *amicus* brief on behalf of Friedrichs in September. A ruling against CTA could deal a serious blow to public sector unions across the country. California—and America—need more heroes like Rebecca Friedrichs. PRI is proud to support her case through our *amicus* briefs and media outreach as part of our ongoing commitment to improving education through reform, freedom, and innovation.

Q&A:

What inspired you to become a teacher?

I dreamed of becoming a teacher from the age of twelve. I had a few teachers who inspired me, and I wanted to inspire others and help other children to discover a love of lifelong learning.

When did you realize that your union wasn't representing your interests and/or the interests of students?

Sadly, I first realized this during my student teaching experience. I was learning to teach from an exceptional master teacher, but next door to our classroom was a teacher who, in my opinion, was abusive to her students. I would witness every day as she would yell at the children, grab them by the arms, and yank them into line. The children were only six years old, and it was obvious that they were terrified of her. At twenty-two, I was afraid of her. When I asked what we could do about the situation, my master teacher sat me down and gave me a lesson on teachers' unions and teacher tenure. She informed me that it was very difficult for districts to rid themselves of tenured teachers who were no longer effective in the classroom. I was shocked, and I knew from that day that I didn't want to support any group that would allow such hurt to come to the very children I was employed to protect and educate.

Did you see any benefit to the quality of education as a result of the union's efforts?

No. I've watched with disgust for 28 years as my union has fought all sorts of positive education reforms. They fight against parental choice in education, which places the heaviest burden on poor families who would like to escape failing, and often dangerous, public schools. My union uses forced teacher dues to defeat many common sense reforms like vouchers, education savings accounts, and adjustments to the tenure laws that would allow administrators to do what's in the best interest of the children and the taxpayers. I'm not alone in these concerns. According to a 2011 Phi Delta Kappa/Gallup Poll, nearly half of all Americans believe that unions have hurt the quality of public school education in the United States.



©Center for Individual Rights

I believe
in standing
up for
what's right,
no matter what
the cost is to
me personally.
—Rebecca Friedrichs

When did you first get involved with trying to change your union?

I officially got involved around 2007 (I can't remember the exact timing). Since many of my colleagues shared my concerns about our union, I decided to serve as a union site representative at my school. That led me to serve on the executive board of our local district union. Altogether, I served three years.

Since so many teachers shared my concerns, I thought we could all work together and change things in our union from the inside. What I discovered was that teachers who do not share the union's political and social agenda are silenced even at the leadership level. Every time I tried to speak out about the concerns of my colleagues, I was either ignored, put off, or shut down. This was a very valuable experience because I learned, without a doubt, that even union leaders have no voice within the union if they don't toe the line of the union's agenda.

What prompted you to opt out of paying for the union's political activities? Why was that not enough?

I became an agency fee payer because I do not agree with most of the union's political stances. I also found it very discouraging that every time I fought for some education reform that I believed would positively impact my students, my community, and my work environment, the powerful entity fighting against me was the union that was forcing me to finance its side of the issue. Although I was volunteering countless hours for common sense reforms to improve the educational experience of my students, I was forced to pay to defeat those same reforms.

Opting out is not enough because the unions bully teachers who opt out of their political agenda, and they punish us by revoking our membership. We're treated with disdain, and even though we pay 100% of their collective bargaining fees, we lose our right to vote within collective bargaining, our right to serve in union leadership, and all benefits of membership. The unions call teachers like me "free riders," but the truth is that we are "forced riders," and the unions have been free riding off of me, and teachers like me, for decades.

How have you been treated by those in support of the union since the lawsuit was filed?

You know, it's sad. Instead of having a civil debate with me, and those who agree with me, many union supporters have attacked me with name-calling. When teachers exercise their First Amendment rights to "opt out" of union politics, we're often ostracized and bullied, so I'm used to this sort of treatment, but what a crying shame that America's teachers, who love, protect, and educate our children, are being bullied in the workplace. The only court in the country that can vindicate our rights to free speech and free association, and protect us from this unfortunate treatment, is the U.S. Supreme Court. I'm so grateful that the justices have agreed to hear our case. Teachers across America should be free to serve America's children and their families; we should not be undermined and bullied by an organization that claims to speak for us.

Have you always been comfortable leading or pushing the envelope on issues, even when they are controversial?

I believe in standing up for what's right, no matter what the cost is to me personally. Throughout my entire career I've fought for what I believe is best for my students and the community. There should be nothing controversial about that. Unfortunately, union rhetoric adds confusion to issues and makes a teacher defending the needs of his or her students seem like a controversial move. Our educational system is funded by taxpayers and exists to educate and serve the children, yet it's riddled with corruption and mismanagement of funds. In my mind, putting the desires of adults above the needs of the children is immoral. I would have trouble sleeping if I didn't speak out on behalf of the kids.

How have you been treated by your teacher colleagues? Students and parents?

I don't talk about this with my students or their parents, so I'm not even sure which families know about the case. Outside of my school, I have received a lot of enthusiastic support from families in my community and across the country. No one knows better than families how important it is to allow parents to have more control over their children's education.

My colleagues have been the biggest surprise to me. When I decided to pursue the lawsuit, I knew I was doing the right thing, but I thought I would take a lot of heat from teacher colleagues. I've been pleasantly surprised. Many teachers have taken me aside (always in a private location because they're too afraid to speak out in public), and they've thanked me for standing up for them. I've had teachers say, "Thank you for doing what I'm too afraid to do," and I've received a lot of quiet support from teachers across the country.

Has there been an emotional cost to you and your family because of this court fight?

My husband worries about my safety because of some of the hurtful words uttered by union supporters, but other than that, our costs aren't emotional. The costs to us have been time and energy, but we're so willing to pay those costs! We feel honored to get to be the voice for the millions of public sector workers who feel trapped in the tyrannical regime of forced unionism, and we're energized by the hope that their constitutional right to freedom of speech and freedom of association will be restored.

What do you hope will result from a positive outcome in the case?

I hope that teachers, and other public sector workers, will be free to decide for themselves, without fear or coercion, whether or not to join or fund a union. I hope that the leadership of our public educational system will re-evaluate its mission, remember that it exists to be a public service to the children, and get back to always doing what's right for the children.

What do you say to those who believe that unions are needed to protect workers' rights and that dues are necessary?

In my experience, the unions' benefits are not worth the moral costs.

When they "protect" my rights by defending teachers who are no longer effective, or are even abusive, in the classroom, at the expense of vulnerable children, I have a huge moral dilemma with their "protection." When they pressure the legislature to provide Cadillac pension benefits for me at the expense of our economy and my community, I have a moral problem there too.

Unfortunately, the unions are no longer accountable to their members. The teachers' union says it speaks on behalf of all teachers, but really, the union speaks on behalf of itself. Because of the automatic dues paying regime, union leaders are not accountable to teachers. Frequently they take positions that further the interests of union leadership but do not reflect the views of the teachers they represent. Forced fees have led to unions that have become what they used to fight. They're powerful, entrenched organizations more focused on self-preservation than on educating children and protecting workers.

What would you like to see done beyond this case (perhaps in other states) to protect employee freedom?

Should we prevail, I'm hoping that public sector workers across the country will be given the infor-

mation and tools to discover that they finally have a choice. Unfortunately, the unions have a history of making it difficult and confusing to "opt out" of their politics, so workers who may want to exercise their rights to refrain from union representation may be unaware if they're granted a new freedom.

Has there been one particular moment when you thought, "This makes it all worthwhile?"

If ten teachers can stand against a giant and powerful union and prevail, my faith in America will be restored. This is a great country that is rooted in truth and freedom, but we've gotten off course because we've denied millions of public sector workers their constitutional First Amendment rights and squelched their voices for far too long. Restoring those rights will make this all worthwhile.

What do you see as the role of organizations like CIR and PRI in helping defend individual liberty?

Their roles are vital. Before this lawsuit was filed in April 2013, I had labored for 25 years trying to change things from within the education system and the union. I failed because the two systems are so entangled and corrupt that reform is almost impossible. I was about to give up when I was introduced to the Center for Individual Rights. When American citizens are unable to make their voices heard because of corruption, fear, and control, we desperately need support from organizations like CIR and PRI so that we can gain a voice and speak for the average citizen. I am forever indebted to organizations that fight for liberty; their courage and commitment is making a positive impact in our country. We cannot be the land of the free unless we're brave. I thank CIR, PRI, and others like them for giving brave Americans a platform on which to speak.

Teacher Shortages, Union Contracts, and the Supreme Court

By Lance Izumi

Koret Senior Fellow and Senior Director of PRI's Center for Education

A recent NBC *Nightly News* story warned of a nationwide teacher shortage, with 21,000 teacher positions needing to be filled in California alone. The NBC report said, “The demand is especially high in science, math, and special education.” What NBC failed to say, however, was that much of the shortage in high-demand fields can be traced to the uniform salary structures in teacher-union contracts.

Union contracts almost always forbid paying teachers according to the demand for their particular expertise. Teacher salaries are not tied to either market demand or classroom performance. For example, teachers are paid according to a uniform salary structure regardless of their teaching subject. An English teacher makes the same salary as a physics teacher.

The problem is that salary schedules are set in collective bargaining between teacher unions and local school districts. So local collective bargaining would have to change to accommodate differentiated compensation, which would address teacher shortages in specific fields. That change may be coming in the form of a case, *Friedrichs vs. California Teachers Association*, which will soon be decided by the United States Supreme Court.

In their lawsuit, California teacher Rebecca Friedrichs and her co-plaintiffs argue that they should not be forced to pay a so-called “agency fee” to fund collective bargaining by teacher unions. While teacher unions claim that the contracts they negotiate benefit all non-union teachers, and thus justify the agency fees, the evidence shows that such is not the case.

Citing research by noted University of Missouri economist Michael Podgursky, a friend-of-the-court brief on the *Friedrichs* case we filed at PRI states: “Because all teachers of equivalent seniority and education level are compensated exactly the same, regardless of the schools or fields in which they teach, teachers are less likely to seek employment in schools with difficult working conditions and in hard-to-staff teaching fields, such as special education, high-school mathematics, and high-school science.”

If the Supreme Court strikes down agency-shop fees, the impact on unions and collective bargaining will be significant. Internal documents of the National Education Association, the nation’s largest teachers union, which were obtained by the Education Intelligence Agency (EIA), a private watchdog organization, show that more than 100,000 non-union teachers, including more than 28,000 in California, paid agency fees to the union in 2014-15.

“The unions,” says EIA, “will be operating in a competitive market where the individual decisions of hundreds of thousands of teachers and support employees will determine its fiscal health, rather than provisions of collective bargaining laws and school contracts.”

If the court sides with Rebecca Friedrichs, and more teachers exit the unions, the future of the unions, the contracts they now negotiate, and the uniform salary structures contained in those contracts could come into doubt. Teacher hiring and employment practices could change, with pay becoming more responsive to demand for teachers in specific fields and to the ability of individual teachers to improve student learning. Only through such fundamental change will the problem of teacher shortages be solved.

Interview with



William E. Simon, Jr.

Los Angeles, CA, PRI Supporter

William E. Simon, Jr. is Co-Chairman of William E. Simon & Sons, LLC, which he co-founded in 1988 with his brother and father, former United States Treasury Secretary, William E. Simon, Sr. The firm has built a diverse and significant investment portfolio with holdings in real estate, private equity, and fixed-income securities. Mr. Simon co-founded a successful municipal bond company in 1990, stemming from his previous experience holding senior positions on the municipal securities and foreign exchange desk for Morgan Guaranty Trust Company.

Earlier in his career, from 1985 to 1988, Mr. Simon worked in the Southern District of New York as Assistant United States Attorney under then United States Attorney, Rudolph Giuliani. A 1982 Boston College Law School graduate, Mr. Simon earned his bachelor's degree at Williams College where he serves today as a lifetime Emeritus Trustee.

He also serves as Co-Chairman of the William E. Simon Foundation and the Cynthia L. and William E. Simon, Jr. Foundation. Through these foundations, Mr. Simon helps needy youngsters in urban areas through faith-based efforts. He and his wife, Cindy, established the Sound Body Sound Mind Foundation, providing state-of-the-art athletic equipment, curriculum, and training for Los Angeles area middle and high schools. The program now impacts more than one hundred thousand students per year.

In addition, Mr. Simon serves as Chairman of the Board for Parish Catalyst and The National Urban Squash and Education Association. He is a Trustee on the Boards of St. John's Health Center Foundation in Los Angeles and The Heritage Foundation in Washington, D.C. Mr. Simon is also member of the Board of Overseers of the Hoover Institution on War, Revolution and Peace, and he serves on the Board of Advisors at UCLA Health Systems. Mr. Simon is a member on the Board of Directors at Douglas Emmett and Co. and a current member of the Knights of the Sovereign Military Order of Malta.

Mr. Simon is a Visiting Professor of Law at the UCLA School of Law and an Adjunct Assistant Professor of Economics in the UCLA Department of Economics. He is also a Professor of Practice at the University of Southern California, where he co-teaches a course with Dan Schnur, Director of the Jesse M. Unruh Institute of Politics. In March of 2014, Mr. Simon was honored by the Pacific Research Institute with the Baroness Thatcher Liberty Award, and he has been the recipient of a number of honorary degrees.

Mr. Simon was the 2002 Republican Gubernatorial nominee in California where he came within five points of unseating Gray Davis, despite being outspent three to one. In addition, Mr. Simon also served as Chairman of California and Director of Policy and Speech Writing for the Rudy Giuliani 2008 Presidential Campaign Committee.



Bill Simon with William E. Simon Foundation President James Piereson

How were you introduced to the Pacific Research Institute?

I am co-chairman of the William E. Simon Foundation, and we decided to start investing in PRI in 2002 through its Independent Scholars Program. By providing partial scholarships to San Francisco's high school students, we were helping to immediately expand direct school choice for students without the means to easily attend the city's top schools. From there, the Foundation's support has expanded to PRI's broader education reform efforts, particularly Lance Izumi's research. Lance's work illustrates educational inaccuracies and inequities across all economic classes, which encourages school choice conversations not limited to low-income families.

Why do you support PRI?

The Foundation is committed to helping people to help themselves, and PRI's commitment to free-market policies nicely complements that mission. By equipping the American people with accurate information about the challenges faced by the education and health care systems, protecting the patriotic spirit of entrepreneurship, and promoting personal responsibility in protecting our environment, PRI provides citizens with the tools to make informed decisions in these policy debates.

What role does philanthropy play in your life?

Starting when I was a child I volunteered on Christmas serving dinner to those less-advantaged. My parents instilled in me the absolute necessity to be philanthropic in actions and ideas. Of course, work on the ground helping those who face daily struggles is part of what we invest in, but we know that our investment in the policy side of these issues has a long-term impact that will systemically improve our country. PRI and its fellow think tanks tackle the root causes of problems and while most of these battles are uphill, I am committed to the long-game through my philanthropy.

What are some of the projects and initiatives you are currently working on?

I am blessed with the opportunity to have my hand in a lot of different charitable activities that I mentioned earlier, but in the past few years, I've dedicated part of my year to teaching courses to undergrads at UCLA and USC. I love teaching these eager leaders of tomorrow about free-market principles, and I'm humbled by how much I've learned from them. The philosophies of PRI are woven into my courses and I am grateful for the guidance I've received from some of their scholars as I developed my lectures.

What do you see as your greatest accomplishment (thus far)?

My family.

What policies would you change to make California a better place to live?

Fewer regulations, better business environment, and lower taxes.

What do you wish other people knew about you?

How loved and blessed I feel.

What do you wish other people knew about PRI?

When an organization is simply doing terrific work, it is easy to spread the news, and I do just that when it comes to PRI. What I think is particularly unique about PRI is that it is dedicated to universal principles and identify how the application of these principles will benefit the country as a whole. PRI makes it hard for the opposition to argue against their policy recommendations.

Will you ever run for Governor again?

Never say never....but, never.

WATER MARKETS would alleviate CALIFORNIA'S SHORTAGES



By Dr. Arthur B. Laffer, Founder of the Laffer Center at PRI

Originally printed in the *Orange County Register* on October 11, 2015

We've all read the daily stories highlighting the drought's impact on California's economy and environment. Wells have run dry, forcing some Central Valley communities to shower in church parking lots. Farmers are fallowing land. In many areas of the state, over-pumping groundwater is causing the ground to sink.

California faces a serious, long-term water crisis. But the policies being pursued in Sacramento only focus on the short-term. Does anyone really think that Californians can permanently change water-use patterns by fining businesses, farmers and residents who use too much water?

There's no panacea to California's water problem. But there are some commonsense first steps that must be taken to alleviate this vexing challenge that impacts families, businesses, farmers and the environment. One such step is the creation of a statewide water market.

In 2012, I co-authored a book, *"Eureka!: How to Fix California,"* where I argued that a robust water market would ensure better distribution of scarce resources in times of drought. I also contended that the price of water was (and is) too low. I added that politicians and bureaucrats must get out of the water rate-setting business because their involvement helps to create a system that skews the market, promotes inefficiency and waste and benefits some special interests at the expense of the public.

In a statewide water market, prices would adjust to balance increasing demand with unpredictable supply. The market would allow parties in one part of the state needing water to purchase it from sellers in another area. Higher water prices would encourage conservation by making waste or inefficient use of water more expensive. The higher cost of water would also attract private investment, incentivizing groups to bring new water-saving technologies to market.



A true water market would mean that everyone – farmers, government agencies and individuals – would face the same incentives to conserve water.



A true water market would mean that everyone – farmers, government agencies and individuals – would face the same incentives to conserve water. In order for the benefits of a market to be realized, however, we need to make public information on water use and availability and create a real market where willing sellers and buyers know the true market price of water. Such transparency would promote rational decision making and conservation.

In 1978, Gov. Jerry Brown's Commission on Water Rights released a report that evaluated existing Water Rights Law and suggested four topics that require modernization – one of which was "efficiency in water use." The report stated, "The market approach to water use efficiency is distinguishable from the regulatory approach in that the market approach stresses incentives for efficient water use while the regulatory approach restricts conduct inconsistent with efficient use." Later, the report adds, "A property rights system in water which permits voluntary transfers encourages the shift in resources from lower-value uses to higher-value uses."

Today, 36 years after Gov. Brown's commission discussed the impact that a market approach would have on the efficient movement of water from lower-value to higher-value uses, a statewide water market still does not exist.

The reasons why California doesn't have a statewide water market are complex and multi-faceted, but the fact that a deeply entrenched status quo benefits from the current system cannot be ignored.

California's current method of water distribution is a complex system of storage and conveyance governed by an arcane system of water rights. Created in the mid-1800s, the water rights system functions on a first-

Update on PRI's *California Prosperity Agenda*



"PRI is in the idea industry. And our *California Prosperity Agenda* does not simply promote new ideas that will foster individual opportunity and economic growth, but it will do so in a way that will appeal to a broad array of Californians."

—Hon. Daniel Kolkey
Chairman, California Reform Committee

come, first-served allotment premise that rewards those who can claim water first – a farmer, a municipality or a business. This system may have worked when California had 5 or 10 million people, but certainly not for a state rapidly approaching 40 million and grappling with the impacts of changing climate, industries and ecosystems.

Concerns about the impacts on disadvantaged communities and the environment shouldn't hinder water transfers. Both could benefit from a properly structured market. Commonsense provisions to ensure that communities with challenging economic situations would not go without water could easily be put in place. Current and future water set-asides for the environment should remain priorities, as well.

In spite of the drought and the havoc it has caused, California remains a land of opportunity. Reforming the existing water system won't be easy. But the Golden State's 21st-century economy shouldn't be constrained by a 19th-century water allocation system. California can be golden again, and creating a statewide water market is an important first step to help California regain its luster.

Having experienced decade after decade of consistent water shortages in California, can we really afford to wait any longer to implement a water market?

Earlier this year, PRI launched the *California Prosperity Agenda*—a 12-point, multi-year plan to address California's most pressing public problems. This bold project includes a plan for tax reform, pension reform, regulatory relief, and education reform—digital learning and expanding charter schools, among other goals—all measures that will improve the lives of Californians and their families.

Tax Reform

PRI's research on tax reform in California was the subject of a research brief released in September by Forward Observer, a prominent research and strategy firm with offices in California and Washington, DC. The research brief compares PRI's tax reform plan with two other recent proposals.

Pension Reform

PRI is working hard to build a state-wide coalition around pension reform, even as a detailed study on the issue is being completed by PRI Senior Fellow Dr. Wayne Winegarden. The study will show that if reforms aren't made today, the cost to Californians will be staggering.

Education Reform

PRI's Lance Izumi will take a leading role in promoting the education reform goals of the agenda: **creating more charter schools and increasing online learning opportunities**. PRI is planning to convene a major conference with members of the online education community.

Water Markets

In June, PRI organized a sold-out luncheon in Bakersfield, California with author Victor Davis Hanson on the drought in California and the need to implement water markets to help solve the state's water crisis. PRI will host a conference on water policy in Sacramento in early 2016.

Restarting America's SMALL-BUSINESS Growth Engine

Small businesses are the backbone of the American economy. The Small Business Administration (SBA) estimates that between 1993 and 2011, small businesses created 64 percent of all of the new jobs in the U.S. However, troubling trends have recently developed in the small business sector. Small businesses' share of the private non-farm economy was 3.6 percentage points smaller in 2010 than their share in 2002. Similarly, employment and payroll growth at small businesses across the country has been lagging their large business counterparts.

It is imperative to reinvigorate small businesses due to their role as the economy's innovators and job creators. That's why PRI's *Center for Business and Economics* recently released the *50 State Small Business Regulation Index* by PRI Senior Fellow Dr. Wayne Winegarden. The study ranks every state by how friendly its regulatory environment is to the small business entrepreneur. Indiana ranks first as the friendliest to small businesses. It's no surprise that California ranks last at number 50.

“California’s regulatory policy makes it more difficult and more costly for current and potential entrepreneurs,” Dr. Winegarden told the *San Francisco Business Times* in a recent interview. “These higher costs reduce the amount of business growth and reduces the ability of small businesses to withstand economic shocks because their buffers are smaller. More broadly, the regulations are raising the cost of living for all Californians.”

In his interview with the *Business Times*, Dr. Winegarden said that the San Francisco Bay Area ranks among one of the worst places to operate a small business.

THE 50-STATE SMALL BUSINESS REGULATION INDEX

Wayne Winegarden, Ph.D.



July 2015



Ranking of the Burdens from State Regulatory Structures



“The Bay Area exemplifies these problems,” he said. “The high costs of rent, partly due to zoning regulations, are a major deterrent for business growth in the region. And it is not just rents. Overly zealous local regulations help make the Bay Area a very difficult region to start and run a business.”

The *Index* has received extensive media coverage. The study has been cited in numerous publications, including the *Orange County Register*, *San Diego Union-Tribune*, *Wyoming Business Report*, *BizJournals*, and *California Political News and Views*. Dr. Winegarden has appeared on several radio shows discussing the *Index*, including The Mike Hewitt Show on WKBZ 1090 AM in Michigan, The Mike Slater Show on WYOO 101.1 FM in Florida, and POTUS Politics on SiriusXM Radio. Dr. Winegarden has also authored an op-ed on his findings for *Forbes* – with more op-eds to be published this winter.

The *Index* provides important insights regarding how each state can enact pro-growth regulatory reforms. PRI is undertaking a major outreach campaign to put the *Index* in the hands of governors, legislators, and policymakers across the country. We will be urging them to remove unnecessary regulations and empower more small businesses to grow and thrive.

To read the complete *Index*, visit www.pacificresearch.org.

PRI Scholar Profile: Dr. Wayne Winegarden

Wayne Winegarden, Ph.D., is a Senior Fellow at PRI as well as the Principal of Capitol Economic Advisors and a Contributing Editor for EconoSTATS at George Mason University. Dr. Winegarden has 20 years of business, economic, and policy experience with an expertise in applying quantitative and macroeconomic analyses to create greater insights on corporate strategy, public policy, and strategic planning. He received his B.A., M.A. and Ph.D. in Economics from George Mason University.

Dr. Winegarden's columns have been published in the *Wall Street Journal*, *USA Today*, *Chicago Tribune*, *Investors' Business Daily*, *Forbes.com*, and *Townhall.com*. He was previously economics faculty at Marymount University, has testified before the U.S. Congress, and is asked to present his research findings at policy conferences and meetings.

Dr. Winegarden's has authored numerous successful PRI studies and reports, including: *Improving the Incentive to Innovate: An Important Benefit of the 21st Century Cures Bill* (2015); *The 50 State Index of Energy Regulation* (2014); *The Economics of Pharmaceutical Pricing* (2014); *The Seven Lean Years: The Economic and Fiscal Consequences from California's Prop. 30* (2014); and *Going Broke One City at a Time: Municipal Bankruptcies in America* (2014).

Dr. Winegarden is working on three major initiatives at PRI: *California's Pension Crowd-Out*—a project that makes the case for public sector pension reform and counters disinformation promulgated by the public employee unions and their supporters; *Beyond the 2 Percent Economy*—a major macroeconomics project that will advance a policy prescription for greater economic growth in America; and a major study on the effect of regulations on the oil and natural gas industry.



“I will never
defend the
philosophy
of repressive
government that
keeps things the
way they are and
gives power to the
few to oppress
the many.”

—Ayaan Hirsi Ali

2015 ANNUAL GALA

On October 21, 2015, PRI held its Sir Antony Fisher Gala Dinner at the Ritz-Carlton in San Francisco. Our keynote speaker and the recipient of PRI’s Sir Antony Fisher Freedom Award was **Ayaan Hirsi Ali**, a Somali-born Dutch-American activist, writer, and former member of the Dutch parliament. Hirsi Ali has received numerous awards for speaking out against Islamic extremism, honor killings, and violence against women around the world. She was named one of *TIME* magazine’s “100 Most Influential People” and *Reader’s Digest*’s European of the Year. She is a fellow at Harvard University’s John F. Kennedy School of Government and a visiting scholar at the American Enterprise Institute.

2015 marked the would-be 100th birthday of Sir Antony Fisher, PRI’s founder. Starting with the Institute of Economic Affairs in



“Fisher understood in times of peace that freedom was threatened by complacency and taking for granted what you have.”

—Ayaan Hirsi Ali

1957, Fisher helped to establish 150 think tanks worldwide. The Sir Antony Fisher Freedom Award pays tribute to an individual, who through determination and unflagging commitment, has greatly advanced freedom and liberty in California, the nation, and the world.

Hundreds in attendance were inspired by Hirsi Ali’s message of courage, hope, and determination. Her remarks focused on the importance of individual liberty and the obligation that all of us have to preserve and defend freedom. Hirsi Ali discussed her background and the “ceaseless quest for freedom” that brought her from Somalia to America. She concluded by reminding us that determined individuals fought for the freedoms that the Western world enjoys today and warned us of the dangers of taking them for granted. Her keynote speech was followed by an enthusiastic standing ovation.

To view Ayaan Hirsi Ali’s entire keynote address at PRI’s Gala and read remarks given by Sally C. Pipes and the Honorable Daniel Kolkey, visit www.pacificresearch.org.





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About Pacific Research Institute

For more than 36 years, the Pacific Research Institute has championed freedom, opportunity, and personal responsibility by advancing free-market policy solutions. PRI provides practical solutions for policy issues that impact the daily lives of all Americans, and demonstrates why the free market is more effective than the government at providing the important results we all seek: good schools, quality health care, a clean environment, and a robust economy.

Founded in 1979 and based in San Francisco, PRI is a non-profit, non-partisan organization supported by private contributions. Its activities include publications, public events, media commentary, including opeds, radio and television interviews, as well as article citations, community leadership, invited legislative testimony, *amicus* briefs, and academic outreach.

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