



# Corporate Interests and Local Government Pushback

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## Introduction

Local governments are seeing a worrying trend of model corporatist legislation implemented in state legislatures across the nation. In 2017 both the National League of Cities and the National Association of Counties published reports outlining state legislation preempting local government authority to raise tax revenue, regulate labor and environmental standards and growing areas of the economy. The American Legislative Exchange Council (ALEC), a Koch Brothers-supported initiative, promotes many of these new laws. How can local governments push back against this corporatist agenda? Will partnerships with unions and civil society groups help?

## What is ALEC?

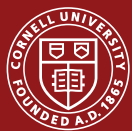
ALEC is one of America's largest 501(c)(3) tax exempt and non-partisan collective of state legislators and corporate actors. ALEC creates task forces for legislators and private sector members to "discuss issues, develop policies, and draft model bills and resolutions which serve as a public policy resource" (IRS 2013). Model bills, like Right to Work and the Welfare System Integrity Act, are disseminated amongst all members and enacted in State legislatures throughout the country. ALEC's agenda is grounded in a narrative of strong economic growth and limited citizen expectations. ALEC has developed outsized clout in American political and social arenas. Some are concerned that ALEC-sponsored bills may undermine local government capacity and citizen voice (Lafer 2017). In 2017 the National League of Cities published a report on state preemption, highlighting the use of ALEC model legislation in local revenue and expenditure limitations, preemption of local environment, and labor and economic regulation across the 50 states. A 2017 report by the National Association

of Counties raised similar concerns. To counter pro-corporate lobbyists, local governments must begin to build coalitions to raise public awareness and push back against this agenda. The State Innovation Exchange was created in 2014 to track legislative changes and promote progressive legislation at the state level (SiX 2017).

## Impacts for Citizens and Local Governments

ALEC legislation seeks to limit local government authority as well as labor and citizen rights to pushback, arguing this will increase economic development. For example, in Wisconsin, Act 10, passed in 2011, dismantled public sector unions and decreased worker benefits. With the loss of collective bargaining rights and the addition of insurance and retirement costs, average pay post-taxes fell 8 to 10 percent on median salaries of around \$44,000. Moreover, Wisconsin is experiencing the largest decline of families classified as middle-class in the nation with GDP growth slower relative to all other states (McCarthy, 2015).

Indiana and Michigan are also states that have pushed ALEC-sponsored legislative agendas. Michigan's emergency manager law, Public Law 4, was voted down by a statewide referendum in 2012 only to be reinstated by the State legislature as Public Law 436 (see issue brief). Indiana's ALEC legislative agenda was seen as the flag bearer for conservative ideology in practice. However, similar to Wisconsin and Michigan, the ALEC narrative of economic success through restriction of local government is overblown. Indiana has failed to provide any exceptional divergence from the national trends in recovery. On top of weak growth and lowering incomes, Indiana had the worst historical health epidemic caused by the fiscal and social conservatism of ALEC and Pence's legislation (Schumaker, 2016).



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## Civic Partnerships for Change

Individually, citizens and local government are limited in the actions they can employ to oppose corporate lobbyists at the state level. However, by working together, local governments can make their voices heard, as exemplified by the 2017 NACo and NLC reports. They need to push for a decision-making process in which the interests of local governments and local citizens are balanced against corporate-sponsored legislation. When local government officials participate in policy creation, they can play a major role in pushing back against pro-corporate legislation. Citizens can help to hold State representatives accountable when they fail to balance public and corporate interests. How can local governments build a stronger partnership with citizens for policy action at the state level?

Unions have been a source of political strength at the state and local level in support of electoral and issue-based campaigns, as well as the maintenance of service provision. While unions typically focus first on their own interests, when they do take a broader approach to public welfare, partnership between unions and local government can educate and empower electorates, and thus strengthen the institution of local government. We saw this in the unsuccessful effort to oppose Act 10 (Right to Work legislation) in Wisconsin and the successful effort to prevent a constitutional convention in New York State in 2017.

On November 7, 2017, NYS voters defeated Proposition One with more than 80% of the vote, the highest margin on any ballot initiative in 30 years (McKinley 2017). This ballot measure to hold a constitutional convention, some feared, could have threatened worker protections and increased the state's vulnerability to corporate intervention. While good government groups saw this as an opportunity to promote ethics reform and environmental legislation, others feared a constitutional convention would open the door to corporate special interests to erode local government, citizen and labor rights. The landslide defeat was part of a union-sponsored campaign to spread the word among residents across the state. The landslide victory is a testament to the tremendous power and influence of unions in the state, highlighting their ability to mobilize and educate citizens. This example exemplifies ALEC's weakness in New York

State. Still, NYS local governments can benefit from stronger partnerships with citizen groups to preemptively resist ALEC's corporate agenda.

## Conclusion

Local government associations believe ALEC poses a real danger to democratic voice in politics, and the capacity of local government to protect and provide for its constituents. Many academics agree. Which groups might be effective partners in educating the public and pressuring state legislatures to balance corporate interests with local government and citizen concerns? Assuming unions maintain their lobbying power and expand their focus beyond labor interests of their membership, unions could be an important partner with local government and citizens in order to promote community interests against corporate agendas.

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