



Public Sector Reports

Michigan COMMENTARY

Governor John Engler's First Year: An Assessment

by Gerald A. Faverman, Ph.D., and David L. Kimball

At last, 1991 is over. Without doubt, the past year will go down in state history as one of the toughest, most contentious years in more than a generation. Paul Hillegonds, House Republican Leader, called 1991 the longest year of his life. The memorable acrimony of the 1990 gubernatorial campaign has not abated since the inauguration of this new administration. The Engler campaign for governor is now in its sixtieth month, and the political climate between the parties became even more fractious in 1991 than it was in the 1990 campaign year, when the Democrats unexpectedly lost the governorship to John Engler—an adversary they neither respected nor liked.

Stunned and disconcerted, they were unprepared for Engler's "agenda of the future," certainly never believing that a 17,595-vote plurality was a mandate to change a bipartisan social agenda built over 45 years. In the last days of the Blanchard administration, a budget deficit approaching \$2 billion was disclosed, and this immediate budget crisis inescapably provided much of the context for Governor Engler's inaugural year. While Democrats expected compromise and negotiation to resolve the crisis, Engler's swift moves to initiate change and curtail and reallocate government activities caught the a House Democratic caucus temporarily in disarray, unprepared to act as an astute and forceful opposition.

Since then, budget problems in Michigan have been severe—although less so than in such states as California, Connecticut, New Jersey, and New York. The 1992 auguries here are not promising, however, and the present level of antagonism has few parallels in Michigan history. One such was in 1959 when Governor "Soapy" Williams was forced by political stalemate to preside over a payless payday for state workers. In the end, opposition attempts to embarrass the governor ruined the good name of the state and precipitated the political upheaval that culminated in the 1961 Constitutional Convention.

We seem to be traveling much of that same ground again, and there is little market at the capitol for reasoned discourse or balanced assessment. The well is poisoned and gives every promise of staying that way through all of 1992. One would hope that as a state and a society we could get past the business of electioneering and get to the business of governance, but we are not optimistic of that occurring.

It has been easy to criticize John Engler; the tone and tenor of his administration has encouraged detractors to blame the governor for an unpleasant fiscal reality for which there is no politically comfortable solution. Fairness as well as accuracy demands a more measured assessment of Governor Engler's stewardship than the passionate controversy of the past twelve months has encouraged.

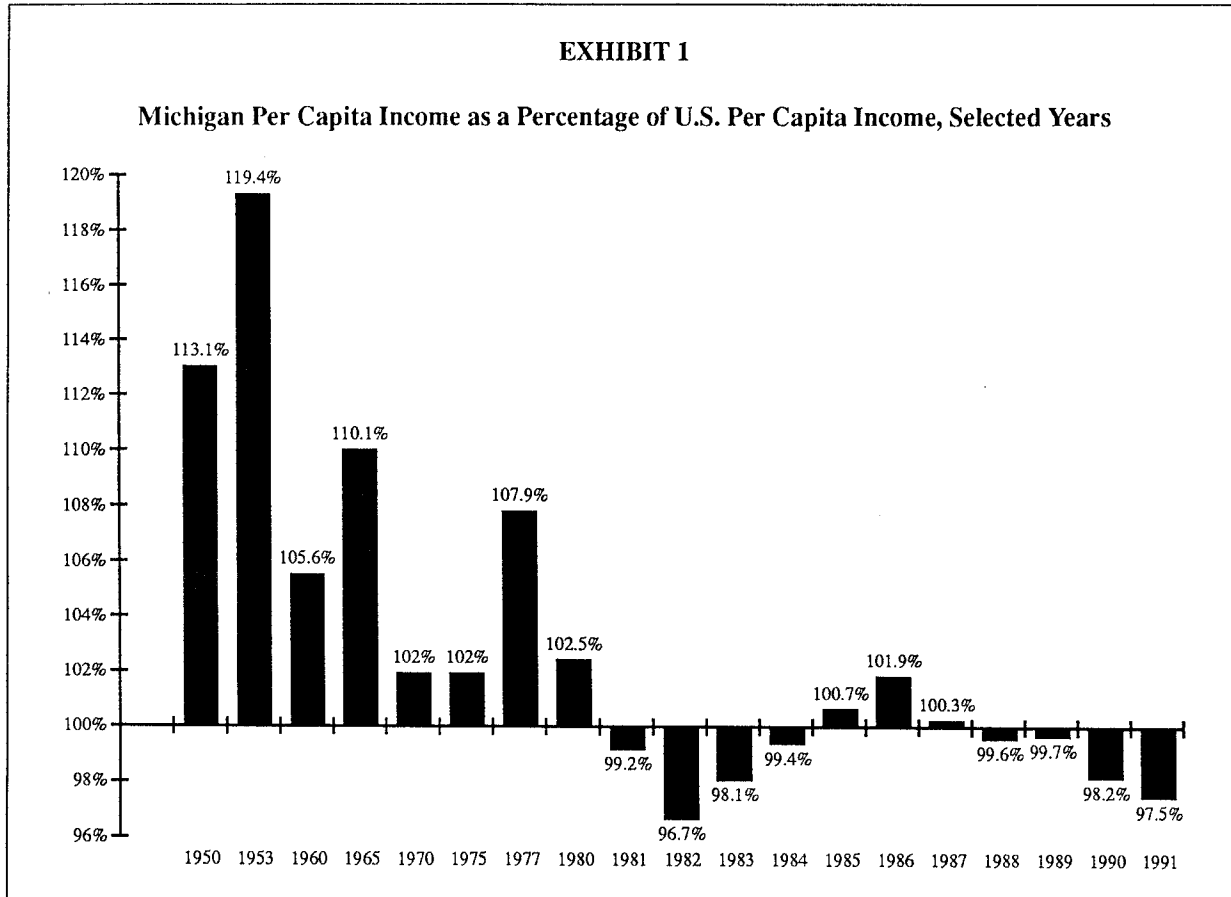
The world is changing quickly. In the name of "the new competitiveness," every relationship and societal initiative is undergoing harsh scrutiny. John Engler did not create this change. If James Blanchard were still governor, he would have been besieged by the same external challenges.

1. We are in a recession. That recession is developing a recalcitrance that portends increasing fiscal adversity for state government, local government, businesses, and citizens.
2. Michigan's vaunted prosperity, which flowered in the 1950s when we were the 7th richest state in the nation, is waning as we lose both productivity and wealth. (See Exhibit 1.)



Public Sector Consultants, Inc.

Knapp's Centre • 300 S. Washington Sq. • Suite 401
Lansing, MI 48933-2134 • (517) 484-4954



3. The auto industry, the historical basis of Michigan's special prosperity, is besieged. In 1950, the American automotive industry produced 75 percent of all the cars in the world (see Exhibit 2); 26 percent of those were built in Michigan. Today, the United States produces 22 percent of the world market and Michigan's share of the total is 6 percent. As one result of that shift, nearly 500,000 high-paying manufacturing jobs have been replaced with lower paying service industry jobs. In 1990, for the first time in the modern history of this state, service employment outstripped manufacturing. (See Exhibit 3.)
4. Consequently, not only are individual standards of living lower, but state government cannot support the level of services and programs it once maintained. This new reality requires a reworking of the bipartisan social contract on matters of health, education, welfare, commerce, and transportation that has guided Michigan governance for the past 45 years. Government's new, and smaller, role in these areas must be forged through consensual negotiations. To attempt these changes through fiat—no matter how urgent the need for change—is to invite political civil war and government dysfunction.

Against this backdrop, with the first year of his term completed, how well have John Engler and his administration performed? On the whole, his administration deserves better marks on substance than on style. The quality of his appointments, his initiative in restructuring government, instituting fiscal restraint, and policy leadership in education reform have been praiseworthy. However, this first year has been a public relations disaster when it comes to building public understanding and acceptance of the need to reshape, reallocate, and redirect state objectives and programs.

EXHIBIT 2

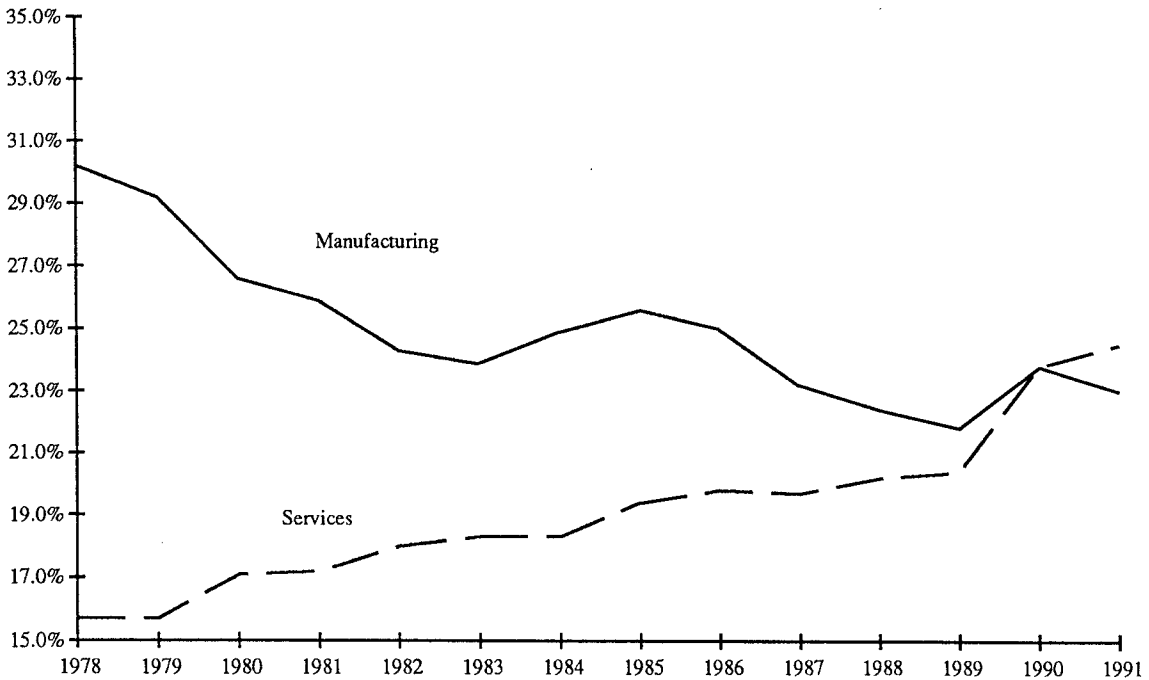
U.S. and Japanese Share of World Vehicle Production



SOURCE: Automotive News, 1991 Market Data Book.

EXHIBIT 3

Michigan Manufacturing and Services Employment, as a Percentage of Wage and Salary Employment, 1978-91



At the heart of his public relations failure is the perception that there is a self-righteous tone in the administration's actions that conveys too much satisfaction and not enough regret over the wrenching changes in state programs. Many people who intellectually support the Engler administration's goals are uneasy with a confrontational style widely felt to flow from some innate meanness of spirit.

At 43, John Engler has held elective state office for half his life. One would expect this gregarious man to be a known quantity after two decades in public life. Yet, in these acrimonious days, a continuing topic inside the government circles is "Who is John Engler?" His critics have characterized him as devious, uncaring, contentious, and uncultured.

In private, he is a studious, intellectually curious and bright man. An omnivorous reader, he is conscientious in his pursuit of knowledge through study and consultation. A cultured man, he enjoys literature and the arts. To allege that the private persona is less than this is an injustice to a man whom most have known in Lansing for more than twenty years. He is also stubborn, determined, unwilling to accept or acknowledge the possibility of defeat, and proud to point out that he has never lost an election in all his time in public life. He is very much taken with winning and not much noted for his willingness to compromise or concede. He is by mood and inclination a warrior, a strategist, always thinking 15 or 20 moves ahead of other players.

Most of the criticism of the governor's performance has taken the form of a distortion of his personal characteristics. Engler is an extraordinarily avid student of politics and governance—a fact that makes his public relations failures all the more surprising and difficult to understand. It is unfortunate that the state's fiscal crisis has distracted the governor from using his signal gifts for public policy design and strategic planning and have kept him mired in day-to-day operations while his exceptional abilities to envision long-term solutions has been unavailable to his cabinet ministers. For his administration to prosper, he needs to turn his hand to that which he does best.

When the Engler administration took office, it encountered a \$1.8 billion budget deficit that had not received much public attention. The administration was forced to act quickly and broadly. The fact that the structural deficit has been reduced to something on the order of \$900 million in barely a year's time is testimony to the effectiveness of their actions. The effect of those actions, however, played out very negatively, especially the elimination of general assistance welfare. The Engler administration is supremely confident of its ideological correctness. That conviction, probably coupled with the need to act quickly, led the fledgling administration to act virtually without public explanation. Inadequate executive branch explanation about the magnitude of the state's fiscal imbalance left much of the citizenry puzzled about why so many human services were cut so fast, since they did not understand the enormity of the difficulty. A similar failure by Jim Blanchard to explain facts to the public in 1983 triggered a burst of antagonism to his income tax increases ending in recall efforts that unseated two Democratic state senators.

In the current administration, there has not been adequate explanation of the governor's bold decision to exempt the education community—K-12, community colleges, and higher education—from the rigor of the required budget reductions. The education community, the recipient of this unanticipated largesse, was inappropriately mute when the governor rightly could have expected its support and advocacy for his daring commitment. Virtually every other state in the union with budgetary difficulty did not exempt the education community from budget recisions.

There is an Italian proverb that says your great strengths are your great weaknesses. This is particularly the case with John Engler and his administration. Their success in partially stanching a budget hemorrhage through tight fiscal discipline and in dramatically changing the conceptual direction of political debate from

program expansion to program reduction and their emphasis on education reform and tax relief has consistently represented the best interests of the state; each scenario, however, has been unveiled virtually without explanation and implemented with more muscle than diplomacy. In politics it is sometimes prudent to be gracious enough to lose when you don't have to in order to prevent losing when you don't want to. In fact, it is fair to observe that the Engler administration's maladroit handling of the legislature has energized the Democratic caucus to become a more cohesive and obstructive opposition.

In an era when it is popular to criticize politicians and government for being all show and smoke without the redeeming virtue of substance, it is ironic to fault a governor many of whose substantive policies are sound but whose public relations are perfunctory. The governor deserves high marks for following up on his campaign promises, but both his administration and his Democratic opposition need to better reflect the fact that the campaign is over. In the past year, winning often has seemed more important to both parties than governing; there have been too few initiatives to encourage bipartisan dialogue from which may flow greater public understanding of policy.

The governor gets his highest marks for the quality of his appointments to state government departments and boards. Vernice Davis Anthony in Public Health, Patricia Woodworth in Management and Budget, Art Ellis in Commerce, Jerry Miller in Social Services, Doug Roberts in Treasury, and Russell Mawby on the Michigan State University Board of Trustees are examples of the many outstanding personnel selections Engler has made to accomplish the state's business. A perception of pervasive patronage politics had tarnished the gubernatorial appointment process when Engler took office, and his astute and creative appointments have restored confidence in the process.

The governor also is to be credited for his persistence in visiting all Michigan counties in his first year. However, geographical stamina should not be misconstrued as effective communication.

Will John Engler be a one-term governor, as his most dedicated enemies suggest? It really depends to some extent on how effectively the Democrats present legitimate alternatives to the Engler agenda. At present, the policy advocacy program of the Engler administration is not the only disappointment. Unprepared for rejection in 1990, and afraid of further losses in 1992, state Democrats are behaving like a party in decline, displaying a disheartening lack of vision in challenging the Engler administration.

John Engler knows that his political fortunes and Michigan's economic fortunes are intertwined. He watched Jim Blanchard go through political agony in the 1983 recession and then rebound during an economic recovery to win the most colossal victory in the history of the state in 1986.

There certainly will be more tough times and difficult policy decisions ahead for Michigan. This year, 1992, will be colored by excessive conflict over redistricting, budget solvency, budget cuts, tax increases, referenda on term limitation and property tax reductions, and the presidential elections. As difficult as this year will be, Governor Engler has one significant advantage, time. He has 36 months to implement his vision for the state's future, and—as important—to explain his vision in ways that let us see him as a man who, right or wrong, cares about the people he governs.

© 1991

I:\PUBLIC\N\PSR\COMM\ENGLER\ENGLER.WP5\TJB

PUBLIC SECTOR CONSULTANTS publishes **Public Sector Reports** and the **Health Legislation Analysis Service**, which includes the *Health Policy Bulletin* and the *Health Care Legislation Abstracts*; offers strategic and tactical counsel and issue management for retainer clients; undertakes specialized research studies; provides public relations services; and, through its textbook division, produces research and reference works, including *Michigan in Brief: An Issues Handbook* and *The Michigan Government Directory*.

Principal Consultants

Gerald A. Faverman, Ph.D., *Chairman and Senior Consultant for Public Policy*
Craig Ruff, M.P.P., *President and Senior Consultant for Public Policy*
William R. Rustem, M.S., *Senior Vice President and Senior Consultant for Environmental Policy and Economic Development*
William Sederburg, Ph.D., *Vice President for Public Policy and Director, Public Opinion Research Institute*
Robert J. Kleine, M.B.A., *Vice President, Senior Economist, and Editor of Public Sector Reports*
Christine F. Fedewa, M.B.A., *Director of Operations and Senior Consultant for Public Policy*
Michael French Smith, Ph.D., *Director of Research and Senior Consultant for Marketing and Economic Development*
William E. Cooper, Ph.D., *Senior Consultant for Environmental Science*
Linda Headley, *Senior Consultant for Education*
David Kimball, *Senior Consultant for Public Policy*
Peter Pratt, Ph.D., *Senior Consultant for Health Policy and Editor of the Health Legislation Analysis Service*
Gerrit Van Coevering, *Senior Consultant for Taxation and Revenue Policy*
Keith Wilson, *Senior Consultant for Waterways Development*
Diane Drago, *Senior Meeting Planner*
Frances L. Faverman, *Editor of the Health Policy Bulletin and Consultant for Health Policy*
Steve Harrington, J.D., *Consultant for Natural Resources*
Wilma L. Harrison, *Senior Editor and Research Associate*
Elizabeth Johnston, *Sales Representative*
Kimberly S. Maki, *Public Relations Counselor*
Mark Means, *Systems Administrator*
Linda Mondol, *Assistant Meeting Planner*
Harriett Posner, *Managing Editor and Graphic Designer*
Frances Spring, *Economist*

Affiliated Consultants

Thomas J. Anderson	Thomas J. Herrmann, M.D.	Patrick Rusz, Ph.D.
Charles G. Atkins, Ph.D.	Mary Jim Josephs, Ph.D.	The Honorable William A. Ryan
Richard B. Baldwin, D.O.	Rick Kamel	Nancy Austin Schwartz
Sister Mary Janice Belen	Judith Lanier, Ph.D.	Kenneth J. Shouldice, Ph.D.
Clark E. DeHaven, M.A.	Agnes Mansour, Ph.D.	Bradley F. Smith, Ph.D.
Richard D. Estell, M.A.	Francis J. McCarthy, M.B.A.	Robert D. Sparks, M.D.
Bev Farrar	M. Luke Miller, M.B.A.	James C. Walters, Ed.D.
Thomas M. Freeman, Ph.D.	Carol T. Mowbray, Ph.D.	Patricia Widmayer, Ph.D.
Samuel Goldman, Ph.D.	Edward F. Otto, M.B.A.	Raj M Wiener, J.D.
Mark Grebner, J.D.	John R. Peckham, D.O.	Douglas L. Wood, D.O., Ph.D.
Robert J. Griffore, Ph.D.	John Porter, Ph.D.	
Hal W. Hepler, Ph.D.	J. Jerry Rodos, D.O.	