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R. GERALD FAVERMAN, Chairman of the Board

A LETTER OF POLITICAL AND SOCIAL COMMENTARY

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TO: FISCAL AWARENESS SERVICE Subscribers

FROM: Gerald A. Faverman and Bev Farrar

SUBJECT: A DISCUSSION WITH DANIEL MURPHY, CANDIDATE FOR GOVERNOR

This letter looks at Daniel Murphy, candidate for the Republican gubernatorial nomination. It reviews his background and comments on his fortunes in the present campaign, but it is primarily a picture of Murphy as he sees himself, based on a recent interview with Public Sector Consultants, Inc.

In the primary race for the Republican gubernatorial nomination, candidate Daniel Murphy holds a position new to him--he is not the frontrunner. Murphy has never lost an election. He is the respected Oakland County executive with a solid record of scandal-free accomplishment in office--more than enough to do the job in many elections. Yet Murphy's campaign has been unable to kindle enough enthusiasm to boost him over frontrunner Lucas or fast-starter Chrysler. In a fairer world, his record might be sufficient to place him in the lead.

Murphy is widely regarded as a very able administrator. His career spans 30 years of public service in populous Oakland County, where his adept administration has encouraged and directed explosive growth.

In 1956, Murphy was appointed county register of deeds and subsequently elected to that post, which was later combined with the office of county clerk. He was appointed chairman of the board of auditors in 1963, a post he held until 1974. In the first popular election of a county executive in 1974, he won the Oakland position and has remained in office until the present.

Murphy's stewardship in Oakland County has both attracted and coincided with a burst of suburban growth that places the county among the nation's largest, most rapidly expanding, and highest in income. He is proud to point out that the county's tax rate has been cut during his tenure and that expenditures per person have dropped as well. The tax base, of course, has soared with residential and industrial growth. Murphy believes his successes at the county level can be replicated in Lansing.

By contrast, Murphy calls Governor Blanchard's approach one of "tax first, manage later," a policy that is detrimental to job creation in Michigan. "Our future doesn't lie in manufacturing jobs--at least not for the next 10 to 15 years--because we won't be competitive in labor rates, workers' compensation, unemployment insurance or business taxes," Murphy says.

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"The way Blanchard is going, he's not concentrating on the people who hire people. That means businesses with 150 people or less--they are doing all the hiring. I would turn the economic development program in the state of Michigan toward small business and I wouldn't be shooting at these manufacturing plants that aren't going to locate here until we get more competitive."

Murphy gives Blanchard no credit in the area of economic development, but saves his loudest complaints for the governor's lack of action on the single business tax. "That tax has to be amended to a degree and it would be nice if we could do away with it completely. It's a regressive tax--a kind of head tax for the number of people you've got working. If you don't make a profit you still pay. Now you really can't expect somebody who doesn't make a profit to pay taxes." To repair the SBT, he says, "maybe we have to give businesses a break through some other mechanism, whether it's in other taxes they pay, or maybe in the production they do." The point, he says, "is that the governor should be looking at these things because businessmen, small businessmen, are saying 'we just can't stand it.'"

Murphy does not speak in detail of the changes he would make in Lansing; he says he doesn't make promises about what he's going to do or how he's going to do it. "What I tell people is, when I get up there I'm going to look at it. If it's a concern of yours, it's a concern of mine."

Although Murphy says he does not make promises, in his speeches he does promise that he will not raise income taxes (without a vote) and that he will "live within the means of the state budget and even reduce state spending." He refers to Blanchard's "unchecked 33 percent spending growth" and cites his own management of Oakland County as an example of how the job should be done.

Among Murphy's most innovative changes is the often praised but rarely practiced privatization of some public services. Oakland County's laundry services have been privatized at a savings of \$250,000 annually, custodial services at a one-time savings of nearly \$1 million and an annual savings of \$300,000. Under consideration is privatization of some jail services for nonviolent criminals. Murphy believes that applying the principle of competition to state government functions has enormous potential for efficiency and taxpayer savings--competition within state government as well as between state agencies and the private sector. Privatization has become a key word in his campaign lexicon.

Blanchard, Murphy says, does not have the answers for Michigan's future. "Blanchard calls Michigan the comeback state, but we aren't really any better off than any of the other states." Murphy credits national factors for the improvements resulting from falling interest rates and lowered inflation. "The governor hasn't done anything to make those things happen--the president has."

Murphy believes the governor has been ineffective in many areas of state government. Environmental matters, he says, should be removed from the several departments that now have jurisdiction and placed under a single authority so that "the governor knows what's happening and what the policy for environment is in this state. Of course, you have to have a policy first."

Murphy believes the current policy, such as it is, discourages economic development. He cites an example in which the Army Corps of Engineers has stopped dredging a Bay County river leaving several boat building companies high and dry. The Department of Natural Resources, he says, has stifled

potential marina growth along the same river for environmental reasons. The governor should have a policy that says 'work it out with the private sector,'" states Murphy. "Economic development and the environment should work together."

Similarly, Murphy thinks there's little policy direction from the governor on tourism. In northern Michigan and the Upper Peninsula, he says, there are constant complaints about lack of airline service and poor roads, both important to the development of tourism. "Economic development is much bigger than building another plant," he says. "It's tourism and farming and everything else. We need a total plan."

Economic development includes education as well, Murphy says, noting that in Oakland County, a new high technology park has been established mainly as a result of the extensive involvement of Oakland University. "It's through the university that we've been able to bring in the new industries that want to have a technological exchange between the professors and the manufacturers or headquarters companies," Murphy says. He disagrees with the governor on the need for institutions of higher education to specialize and avoid excessive duplication. Where a university is located has everything to do with what it becomes and what is needed locally, he argues. "The universities should be allowed to rise to the level they can in the community in which they're located."

Murphy believes we spend "plenty of money on education in Michigan [including K-12] but maybe we're not utilizing it well." He favors testing early in the school years to detect problems long before a student is thrown on the job market with no skills or has given up and dropped out. "That doesn't necessarily take more money," he says. "It takes a different direction."

He also faults the current custom of switching teachers out of their fields to meet seniority requirements. "That's another union influence and we've got to have the legislature say competency is what it's all about. If it's the union be damned, then that's the way it's got to be. The student is what's important."

In addition to his well-documented administrative skills, Murphy cites his leadership qualities as an asset in his quest for nomination. He points to his ability to get people to work together. "You have to understand you're not going to win all the battles you get in, so you pick out the ones you've got to win and give it everything you've got," he says.

Given his lengthy experience dealing with a county commission that includes Democrats, Murphy believes he is well prepared to work with the legislature in leading the state. "You have to sit down with the leadership of the legislature and hear what they have to say if you want to get things done. If you don't do that, you've split into divisive organizations that don't work. That's what I think is happening now [in Lansing]."

Finding fault with Blanchard's relations with the legislature, he says, "All I hear is complaints about him not working with the legislature, not sitting down with them. If he doesn't do that, how can he make the total organization respond when he's not willing to sit down and discuss mutual problems. And I don't think he's got any problems that aren't mutual. The legislature and the governor are there for the same purposes."

Reports of Murphy's dullness are greatly exaggerated; but his demeanor does seem to reflect his steady, low-key management style. He notes that his style of doing things doesn't make news and therefore his accomplishments in Oakland County do not get headlines. It might comfort Murphy to remember that former governor Milliken was routinely labeled "bland" every time he won another election. Murphy does catch fire when discussing certain subjects--any mention of economic development, for example, causes his voice to rise and fill with enthusiasm.

Murphy makes no apologies for the negative advertising he aimed recently at fellow Republican candidates. Such questions need to be raised before the primary, he believes, because otherwise Blanchard will raise them during the ensuing campaign.

Like all the Republican candidates, Murphy opposes abortion although he makes exceptions in cases of rape or incest. He did not receive the endorsement of the Right to Life organization, he says, because he opposed the amendment linking funds for Medicaid abortion to the entire Medicaid budget.

Polls have showed Murphy trailing both William Lucas and Richard Chrysler by a significant margin. Murphy, who has been an elected Republican far longer than his opponents--Lucas converted only a year ago, Chrysler has never been elected to office, Engler has held office for little more than six years--firmly believes he can win the nomination. Typically, he has nothing clever to say to that effect, but he does remember that the tortoise eventually beat the hare.