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DR. 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: GOVERNOR JAMES J. BLANCHARD

James J. Blanchard is a conservative Democratic governor in conservative times, as his predecessor William G. Milliken was a liberal Republican governor in liberal times. Both men became identified with issues of greatest appeal to opposition partisans: Milliken with urban, human services, and environmental initiatives and Blanchard with job development and pro-business initiatives. Both men came to power and held power when their respective political party's popularity was descending. Milliken never lost an election; neither has Blanchard.

Blanchard's first major initiative as governor was seen as a nightmare and now, on reflection, has become a major plus for him and his party. He pushed through a necessary but unpalatable income tax increase very early in his administration. His popularity rating plunged and some predicted six months into his term that Blanchard could not win reelection. Blanchard took short-term punishment, as did two recalled Democratic senators, for this giant step toward restoring fiscal stability to state government, insisting that the tax increase would be seen, in time, as wise policy. His gamble paid off.

By promoting governmental fiscal stability as essential to the overall plan for putting Michigan on the path to prosperity, Blanchard succeeded in diverting the tax increase furor and created a foundation for the more substantial issues of jobs and economic recovery. At the same time, he channeled a well-publicized chunk of the increasing state revenues into education and made a much-needed connection in the public mind between education and economic development.

As the national mood continues its tilt toward the right, Blanchard has edged perceptibly into more and more conservative positions. Correspondingly, he has distanced himself somewhat from previous labor connections and from urban concerns. Blanchard's relationship with Detroit Mayor Coleman Young can best be described as a wary truce between uneasy allies, notwithstanding Young's recent unconditional and strong endorsement of Blanchard.

As the 1986 elections approach, Blanchard is, in fact, sitting pretty; a notion he is quick to deny, saying he expects "a very tough fight" and "takes nothing for granted." Nevertheless, as the rancor from the tax increase--now repealed with his support--fades into oblivion, Blanchard is a formidable candidate.

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Regardless of how credit for Michigan's economic recovery may fairly be divided--national vs. state policies--Blanchard has successfully claimed the entire "comeback" territory for himself, to the point that he is synonymous with the "comeback state." Even conservative commentator Paul Harvey praised Blanchard for Michigan's recovery in a broadcast in early May. In taking full credit for the economic recovery, Blanchard is gambling that there will be no plant closings or other negative economic news for which Bill Lucas would undoubtedly blame him. Given the outlook for continued economic growth and the relatively short time before the general election, there is little likelihood for economic setbacks that could damage Blanchard's reelection chances.

Blanchard's efforts in behalf of the fiscal health of state government and his strong view of state government as a force for economic development have earned him surprising support from traditionally Republican out-state and southeast corporate and business interests. Conversely, on social issues, where Democrats historically take the lead, Blanchard's efforts tend to be lukewarm and somewhat grudging. He has had less success in articulating his vision of social services, public health, civil rights, and the environment than he has in pushing forward his clear-cut program for economic development. In any case, Blanchard has firmly aligned himself with the centrist positions that have marked winners of Michigan gubernatorial elections for decades.

Blanchard came to office with an energetic, can-do image established during his congressional tenure and highlighted by the imaginative Chrysler bailout. This outlook is still evident; he describes his grueling first term as being one of "no disappointments." "I'm an optimist so I tend to look ahead at what more I can do and not dwell on disappointments," Blanchard says. "I didn't leave a relatively secure seat in Congress to come back here and be a play-safe governor. I saw in Michigan that which I saw here as a kid--a great state leading the world in postwar recovery and leading the nation in many aspects of quality of life. We've come a long way back--a long way from 17 percent unemployment, but we need to make that comeback be the future. If we take our comeback for granted and go back to the old ways, we're going to be in deep trouble. When I say 'the old ways,' I mean the politics of confrontation, the politics of doom."

References to "old ways" punctuate Blanchard's generally tepid relations with the legislature--an area where developing consensus is often crucial. He has been strangely less skillful in the capitol than with the public. It is the one area in which he concedes anything close to disappointment.

"People here [in Lansing] tend to focus on the past, fight old battles, tinker at the margins, and take a fairly parochial view," he says. "Elsewhere in the state, people focus on what will help put Michigan back on the map in the world as opposed to what will please a lobbyist on Tuesday afternoon."

Partisanship and confrontation are limited exclusively to the state capitol, he says. "Wherever I go in the state, we're getting nothing but cooperation from Republicans, Democrats, independents, business leaders, mayors, labor leaders...it's an endless list. Not once has a single leader said 'no' when I've called for help on a project or mission for our state.

"Outside of state government," he says, "there is a broader perspective of Michigan's strengths and its potential for leadership in the world." His prescription for what is needed to put Michigan back on top where it belongs has become familiar:

We're in a global race for jobs and economic supremacy. Therefore we--as a state, as citizens with government as partner and catalyst--have to stimulate, encourage, and create jobs that produce goods and services that sell to the world. It's going to require a much greater amount of brain power and adaptability on the part of the citizens...meaning things like education, job training, and innovative systems of production and cooperation. New economic combinations are going to be required. The notion that we can chase assembly plants or smokestacks or compete with Taiwan and Brazil for cheap labor is no wiser than the French building the Maginot Line in World War II.

As an example of how cooperative efforts produce economic progress and jobs, Blanchard offers the itinerary of a recent day spent in one of Michigan's troubled urban areas.

In one day I helped break ground for a new shopping center in Pontiac on one side of town, and half an hour later across town, I drove the first Vixen motor home off the assembly line. In both, the State was key. With the manufacturing plant, it involved some transfers of land and some accommodations with the Department of Mental Health, and there is also some state retirement money in it. And with Vixen Motor, the state pension fund is one of the principal owners of the company. We have a representative on the board of directors.

Here we're talking about jobs and investment in a city where people said it couldn't be done. And the State's playing a role in the local government with the private sector. These kinds of partnerships are going to be critical because the public resources are limited, the private resources are limited. The private sector doesn't have the luxury of investing in water quality and roads and they're not building universities, but without those things, the private sector isn't going to have the impetus, the strength, the climate to thrive. Cooperation is power.

Blanchard has shown a skillful knack for fixing in the public mind all aspects of state government as elements of economic recovery. Promoting a friendly business climate under a loose umbrella called "quality of life," he has been able to advance programs for education, the environment, and transportation--an element of government especially visible to voters.

"Brain power," Blanchard says, "is going to be the key [to continued recovery]. Therefore education and public investment in education are going to be crucial. We need to diversify our economy along lines that require brain power not brawn power. I see our state as particularly blessed because we have tremendous natural resources in terms of water, fertile soil, beauty, and a history of intelligent public investment dealing with things like roads, bridges, universities, and we are now the national center of complex manufacturing. All this, side by side, provides the kind of quality of life that people want. But it requires public/private partnerships, strategic public investments, and a willingness to change, to become more adaptable."

In the area of higher education (for which funds have been increased 40 percent in three years), Blanchard says the 15 state colleges and universities must be willing to be the best at what they do and not do other things.

"Higher education has to further specialize its mission so that the money we

invest in it does not go for proliferation or excessive duplication," he says. "I believe a funding formula will be required." Required, perhaps, but politically difficult to institute without better legislative relations than Blanchard now enjoys.

Environmental protection, Blanchard concedes, was well under way before he came to office. "We have quite progressive protection," he says. "I'm proud that we've begun to fund fully a lot of the good programs preceding me that weren't funded. We have more to gain by preserving and more to lose if we don't." Then, once again, he makes a connection with the recovery. "I believe the quality of life is going to be increasingly important for business development."

Blanchard has secured a position, going into the November election, in the dead center of the political spectrum and as the political cheerleader for Michigan's economic recovery. Those are enviable images for an incumbent officeholder seeking reelection in a traditionally centrist state that has benefitted from a significant economic recovery.

Looking at the broader picture, Blanchard's service in the U.S. Congress and the years spent in Washington have, we believe, given him and his staff an interest in a greater national role. The governor's inner circle and Blanchard himself likely view him as a potential national Democratic leader. His appearance on the "Today" show and the references to him in the Wall Street Journal and by Paul Harvey lend credence to our belief that Blanchard will attempt to spring from the Michigan governor's mansion to the national scene. Winning big in 1986 would be a means of furthering national aspirations.

This commentary is a publication of the FISCAL AWARENESS SERVICE. With it, we conclude our series of profiles of the four GOP candidates for governor and the Democratic incumbent. Letters in coming weeks will discuss the Blanchard-Lucas race for governor and the state legislative campaigns.

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