

Business and labor

Economic Alliance lands jobless bill

The Economic Alliance for Michigan, a recently formed group of business and labor leaders, announced its general support for the unemployment compensation financing bill approved last week by the state House of Representatives.

"The Economic Alliance for Michigan congratulates those in the legislative and executive branches of state government, as well as the various affected groups, for the statesmanlike leadership in bringing this critical issue so far toward final legislative resolution," said a joint statement from Irving Bluestone and Fred Secret, co-chairmen of the Alliance.

"Final approval by the Legislature and the governor before the end of this year is critically important for the economic well-being of our state."

THE ALLIANCE policy statement described the House bill as "a reasonable, while certainly not a perfect, response to the critical financial problems facing Michigan's unemployment compensation system."

"Quick resolution of the serious financial problems confronting the Michigan unemployment compensation system is a major priority if this state is to move forward in dealing with its serious economic and employment problems."

"As a group working toward consensus approaches to the key economic problems facing Michigan, we are certainly pleased that the efforts of so many have resulted in the House bill enjoying broad support from the business and labor sectors," Bluestone and Secret said.

"Because this bill attempts to resolve a financing problem of at least \$3.6 billion over the next four years, it is gratifying that the proposal enjoys such broad-based support."

"While the Economic Alliance Board endorsed the House bill by more than the required three-fourths vote, it is understandable that some of our members were not in support of this bill," they continued.

THE POLICY statement identified six "criteria for an appropriate response to the financial problems confronting the Michigan unemployment compensation system." Robert Dewar and Donald Ephlin, co-chairmen of the alliance task force that developed the policy statement, described how the alliance concluded that its six criteria were reasonably met by the House bill.

"Expedient elimination of the debt is a key goal. However, doing that in the near-term would put an unreasonable and counterproductive burden on Michigan's economy," Ephlin said.

"The alliance concluded that the highest priority was eliminating the interest-bearing portion of the debt, which now amounts to \$641 million. The House bill would allow that debt to increase to \$841 million by the end of 1983, but then eliminate it by the end of 1986."

"The non-interest-bearing portion of the debt, now \$1.6 billion, would be reduced to \$940 million by the end of the 1983-86 four-year period which is the

principal focus of the bill. The House bill struck a reasonable balance between three important, but somewhat conflicting goals of debt elimination, minimizing negative impacts on the state's economy, and building needed reserves."

"ANOTHER MAJOR concern for the alliance was the new federal debt-repayment tax which will first be payable in January 1983," Ephlin said. "The House bill moves as quickly as possible to cap this escalating tax in 1985 and then projects its elimination in 1987."

"Equality in meeting the system's critical financial problems was certainly a major objective, though certainly the most difficult one to define," said Dewar.

"The alliance concluded that there should be an appropriate sharing of the total burden between different categories

of employers and between employers and employees. The system's financial problems are so large that it would certainly be inequitable to resolve them by imposing additional burdens on just one group."

"The House bill would secure \$3.6 billion in financial relief for Michigan's unemployment compensation system over the next four years. This major burden would be divided into about equal thirds among the unemployed, the positive-balance employers whose contributions have more than covered the benefits to their laid-off workers, and the negative-balance employers where the payments to their laid-off workers have been larger than their taxes."

"OVER THE NEXT four years, the House bill would decrease projected benefits to the unemployed by \$1.1 billion," said Dewar.

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—Economic Alliance

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