

Political showdown on economy

By Tim Richard
staff writer

On economics, Democrat James Blanchard says, "Give 'em a bigger carrot!" while Republican legislators say, "Quit bittin' 'em with the big stick."

Blanchard talked about inducements and direct stimulation of business investment to lure jobs into Michigan in his economic address to the Michigan Legislature recently. Borrowing a page from the New Deal of the 1930s, Blanchard also offered a summer jobs program for youth and construction workers.

Four days earlier, Republican leaders offered their own program, emphasizing cutting the cost of doing business through wages, taxes, workers compensation and health care costs.

BLANCHARD BORROWED a Republican idea for his program: "We will eliminate workers compensation and unemployment compensation from the base of the single business tax."

That idea had been pushed by Sen. R. Robert Geake, R-Northville, during the debate on Blanchard's plan to raise the state personal income tax. But as Sen. Doug Cruce, R-Troy, said, "We were rebuffed by the governor."

Most of the press and television attention to Blanchard's address emphasized the short-term summer jobs plans — 60,000 youth jobs (average summer wage: \$1,250) in repairing or cleaning up public buildings, parks and soil projects; 20,000 jobs (average wage \$4,000) for construction workers building or repairing roads, bridges, housing insulation, schools and hospitals.

It was accompanied by the promise of a 100 percent state tax credit to "any Michigan business that hires young people for summer work under the provisions of federal guidelines."

ON THE LONG-TERM economic future, Blanchard pledged, "Michigan will do more to help our businesses grow and prosper than any state in the country." Items:

- A \$60 million "strategic investment fund" which will "encourage new investment and new enterprises in our state" — in short, offering enterprise capital.

- Easing the effect of the single business tax (essentially a payroll tax) on 25,000 small firms by raising the revenue limit on the filing requirement and eliminating franchise royalty payments.

- Opening six small business assistance centers across the state. Their purposes: help eliminate unnecessary regulations and cut through "red tape" to get answers.

- Promote Michigan products in local markets. (Republicans applauded this item, pointing out it had already started under the Milliken administration.)

The Republicans' 38 points were grouped under three major headings: regulatory reform, reducing business costs and job development. Only in the job development area did the GOP program bear a faint resemblance to the Blanchard program.

- Easing business taxes by matching the federal 25 percent tax credit for research and development expenditures and Geake's proposal to eliminate workers comp and unemployment comp charges from the payroll base of the single business tax.

BLANCHARD FOLLOWED through on a campaign promise to make community colleges a major factor in Michigan's economic revitalization by saying:

"And to our workers we make this pledge: We will train you — free — to compete for new jobs when any company locates or expands in this state."

The final quarter of Blanchard's speech was devoted to general state questions with little detail — "an ongoing regulatory review," work with other Great Lakes states on a regional economic strategy, state attention to such industries as food processing, timber, tourism and technology.

THE REPUBLICAN program was offered by House Minority Leader Michael Busch of Saginaw and assistant leader Paul Hillegonds of Holland.

Their 38 points were grouped under three major headings: regulatory reform, reducing business costs and job development. Only in the job development area did the GOP program bear a faint resemblance to the Blanchard program.

Some major Republican differences:

- Repeal of the state prevailing wage law. This had been a major battle — and a loss — for Republican senators in 1982. "By using the union shop wage as the 'prevailing wage,' the law unfairly penalizes parts of the state where wage rates, and the cost of living, are lower."

- The state should not provide services in competition with private industry. The GOP criticized the Civil Service Commission for barring agencies from hiring private contractors in such areas as data processing, professional engineering and surveying.

- Where Blanchard promised attention to regulatory complaints, the GOP was ready with a laun-

dry list of changes: gearing regulations to corporate size and compliance records, requiring the state to reimburse businesses for the costs of defense against "clearly wrongful regulatory actions," not adopting state regulations where federal regulations exist, and the requiring "economic impact statements" for proposed new regulations. (The economic impact statement has been long advocated by Rep. W.V. (Sandy) Brotherton of Farmington.)

"REDUCING BUSINESS costs" was a category in which the GOP had 11 proposals. Blanchard barely alluded to the topic.

- Among the Republican planks:

- Efforts to reduce the cost of health benefits for business through progressive methods of cost containment.

- Reasonable efforts to limit malpractice claims.

- Oppose any restrictions on employers' ability to self-insure health benefits.

- Further reduce workers comp costs by "further tightening of the definition of disability."

- Ensuring "neutrality by hearing examiners" in workers comp cases.

- Reimposition of the waiting wage for unemployment comp benefits and "closing the voluntary quits loophole."

- Raising the limit in small claims court from \$600 to \$1,200 to help small businesses collect debts.

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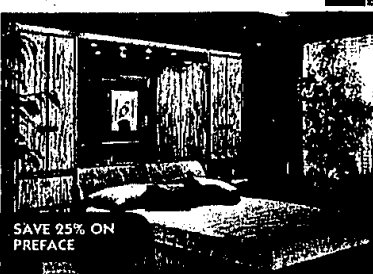
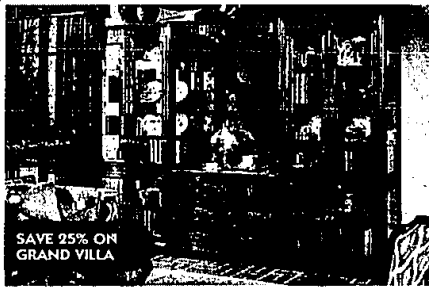
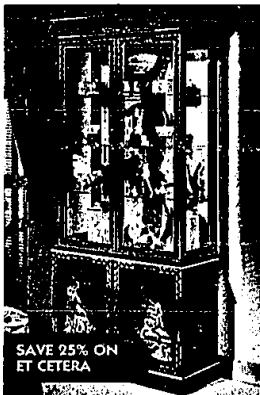
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