

Turnaround started, but state faces uphill climb — Blanchard

By Tim Richard
staff writer

Michigan's economy has turned around and is on the way up, "but we still have a long way to go," said Gov. James J. Blanchard.

"Our recovery is fragile," the first-term Democratic governor told the Economic Club of Detroit, lavishly and repeatedly praising the corporate leaders Monday for their role in reducing unemployment from 17 percent to 10.3.

"We liken the improvements to a marathon rather than a 100-yard dash," he said, stressing that the automobile capital's turnaround would take many years.

IN A POLITICAL plug, Blanchard asked business to oppose Proposal C, the "Voters' Choice" constitutional amendment on the Nov. 6 ballot.

If adopted, Proposal C would roll back state taxes to their 1981 levels, mandate voter approval of all tax increases, and require 60-percent majority votes for fee increases by city councils, school and college boards.

"It would derail our financial recovery," Blanchard said, citing the immediate repeal of the personal temporary income tax increase approved by him and the state Legislature in 1983.

"It would mean we've turned our backs on our own future. It would mean we've made a conscious decision to be the credit deadbeats of America."

A portion of the tax was dedicated to paying off \$1.7 billion in accumulated state debts. Blanchard insisted that putting the state's financial house in order was the first step toward making the state more attrac-



Gov. James J. Blanchard
"turned state around"

tive toward expansion of existing business and attraction of new investment.

THE FIRST Democratic governor in 20 years ridiculed the Voters' Choice proposal for requiring a 60-percent vote of the city council "to increase dog licenses in Farmington." The provision also would apply to college tuitions, skating rink fees and any non-tax fee charged by an agency of government.

"Voters choice would end our roads and bridges program by repealing the (1982 two-cents a gallon) gasoline tax increase," he said. "For the first time in 10 years, we're improving our roads and bridges faster than they're wearing out."

He said Voters' Choice would cut \$369 million from the discretionary part of the state budget — a part that supports much

of higher education.

Proposal C is the initiative petition effort of a half-dozen anti-tax groups, whose best-known spokesman is Richard Headlee, Blanchard's 1982 Republican opponent for governor.

Blanchard labelled as a "smokescreen" this week's effort by state House Republicans to push through a resolution asking Congress to call a constitutional convention to adopt a balanced budget amendment. He said Republican President Ronald Reagan is blowing election-year smoke "to avoid dealing with the current, huge budget deficit."

Blanchard said the president could achieve a balanced budget simply by submitting one to Congress. The governor, echoed Democratic nominee Walter Mondale's call for "serious spending cuts and some form of a tax increase."

BLANCHARD'S comments on Voters' Choice and the balanced budget amendment overshadowed his own avowed purpose for speaking to the Economic Club — to spread the word that "we — you and I — are turning this state around" from the "financial basket case" it was in 1983. Items:

• While even some newspaper editorials say Michigan's personal income tax is highest in the Union, 30 other states have higher rates.

• Far from being alone in raising taxes in 1983, Michigan was among 35 states which did so.

• Unlike many other states, Michigan did not raise business taxes — indeed, it reduced the single business tax for profitable small firms, cut unemployment compensation costs by \$110 million and stimulated competition in the workers compensation business to cut rates 9-10 percent.

Jobless rate at 4-year low

Summer jobseekers dropping out of the state's labor force helped lower Michigan's August unemployment rate to 10.3 percent.

That was its lowest level in more than 4 1/2 years, according to A.R. Jazowski, acting director of the Michigan Employment Security Commission (MESC).

Jazowski said the decline was seasonal and due largely to students leaving the labor force after giving up their summer job searches.

The statewide jobless total fell by 59,000 in August to 456,000. In July, 506,000 — or 11.3 percent of the state's work force — were unemployed. A year ago, in August of 1983, Michigan's jobless rate was 13.4 percent, with 588,000 out of work.

The loss of summer jobseekers caused the state's labor force to decline by 63,000 during the month to 4.4 million. Total employment also fell, dropping by 13,000 to 3.96 million.

The drop in unemployment caused the state's jobless rate to reach its lowest level since January 1980, when the rate was also 10.3 percent.

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