

Blanchard borrows Hamilton's policies

By Tim Richard
staff writer

They're calling it new although the idea is 200 years old.
Gov. Blanchard's administration is broadcasting its accomplishments in re-industrializing Michigan.
Keystone of the governor's policy is getting along with, and encouraging, business.

FIRST THERE was the article by Doug Ross, the former senator from Southfield who now heads the state Commerce Department, and Peter Plastrik, president of Blanchard's Michigan Strategic Fund, in the Detroit News.

"Democratic governors," they write, "have abandoned much of their party's interventionist, anti-business platform."

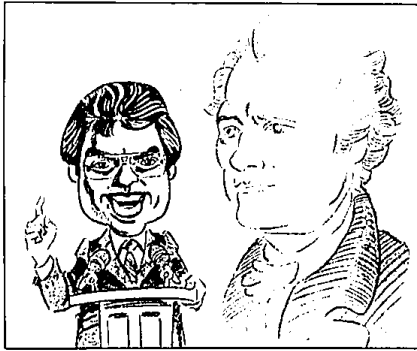
Not only does anti-businessism not work, they said, but "worse, it prevents them from building bridges to business leaders — the very people they depend on for new state investment and jobs."

They call the policy new — a "new competitive consensus."

Gov. James J. Blanchard has established a state fund to invest in targeted industries, eased the franchise rules to bring in chain operations, lured in university-related technology institutes and signed bills to deregulate banking and create a new class of investment companies called BIDCOs.

NEXT CAME a mailing from Tom Scott, the former Royal Oak newsman who now is Blanchard's press secretary. It contained an article from the conservative U.S. News & World Report which lists Blanchard as one of the "nation's gubernatorial stars."

USN&WR credits Blanchard with "the best program in the nation for retraining ousted workers" — It's run by Joe Forbes, a former Oak



MARVIN TEPPLES/PHOTOGRAPH BY

Doug Ross (foreground), director of the state Commerce Department, says state promotion of industry is a new policy, but it was practiced nearly 200 years ago by Alexander Hamilton (background), Washington's Treasury secretary.

Park legislator and businessman. The magazine cites Blanchard's strategic fund and encouragement of the high-technology corridor that stretches across the Oakland and Wayne suburbs to Washtenaw county.

Other stars in the magazine's bipartisan sky: Republicans Tom Kean of New Jersey and George Deukmejian of California; Democrats Michael Dukakis of Massachusetts, Bill Clinton of Arkansas and Mario Cuomo of New York.

THE NOTION that government should be a promoter and helper of industry was born two centuries ago in the Washington Administration.

Not only was Alexander Hamilton secretary of the treasury, but for

analysis

those departments hadn't been established.

In his Report on the Public Credit, Hamilton's first move was to consolidate all the states' Revolutionary War debts, have the federal government absorb them, and levy taxes to pay them off — 100 cents on the dollar. His goal was to give wealthy investors confidence that the fledgling U.S. government was credit-worthy.

Similarly, Blanchard sought the advice of corporate presidents when he came up with his 1983 income tax increase to pay off the state's debts. He boasts of the state's credit rating in a way earlier Democrats would have thought heretical.

Hamilton's second move, the Report on a National Bank, was a public-private financial institution. Blanchard's strategic fund was established with some of the same economic theorizing.

HAMILTON EXERTED influence beyond most presidents with his third step — embodied in the Report

on the Manufactures.

Over the vehement objections of the Jeffersonians, Hamilton proposed that the United States become an industrial and maritime commercial nation. While not every bill was passed, Hamilton basically succeeded.

He advocated duties on and limitations of imports to give "infant industries" a chance, bounties to domestic manufacturers, roads and canals to facilitate internal trade, the encouragement of inventions and high wages in order to attract skilled labor.

THE POLICY of Hamilton, moderate Republicans and an emerging cadre of Democrats like Blanchard is to use government as a tool of economic growth — "re-industrialization" is the modern buzzword.

Both eras had people who loved industry but felt the best policy was to keep hands off. In the 18th century, Adam Smith held that "The Wealth of Nations" was best increased by government's just getting out of the way. In 1987, the Blanchard people attribute to President Reagan in that same laissez-faire program.

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