

# Economist: More state cuts needed in '88

AP — Michigan's \$6.43 billion state budget is still at least \$100 million in the red even though the Legislature made \$71.6 million in cuts and added \$150 million in taxes this week, warned a private economist.

"My feeling right now is about \$100 (million) to \$150 million more in cuts will be required" before the end of the 1987-88 fiscal year, said Robert Kleine, senior economist with Public Sector Consultants of Lansing.

Kleine said the budget balancing measures approved by the House and Senate last week will go a long way to reducing the \$300 million deficit he was predicting last September.

BUT KLEINE, who served as tax director of revenue and tax analysis for former Gov. William Milliken, a Republican, said the current budget exaggerates revenues and underestimates the number of welfare cases.

A similar warning was made earlier this week by Rep. David Hollister, the only member of either chamber to vote against legislation raising the personal income tax exemption.

Hollister, D-Lansing, said it was hypocritical to provide a \$65 million income tax cut when lawmakers were cutting \$71.6 million out of a budget which he said still needs another \$100 million in cuts before it's balanced.

But Shelby Solomon, budget director for Democratic Gov. James Blanchard, strongly denied the need for more cuts.

Echoing Blanchard's own comments last week, Solomon said the administration believes the state budget for the year ending Oct. 1 is in balance "absent any unforeseeable economic circumstances."

KLEINE SAID, however, that the Blanchard administration is playing

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— Robert Kleine,  
Public Sector Consultants

politics with its budget forecast which shows a \$16.5 million surplus. "I think the administration knows (more cuts will be needed), but they couldn't really admit to that at this point in time," Kleine told reporters during a taping of the public television program "Off The Record."

Kleine said he thought Blanchard

and Solomon were reluctant to add more cuts to last week's complicated four-part accord on the budget "because the whole deal was so fragile." "They feel the timing wasn't right. They're going to have to wait a month or two and then they'll say, 'Well, the economy's gotten a little softer, or something's gone wrong —

we're going to have to make some more cuts.'"

THE STATE will lose an additional 70,000 jobs — more than half of them auto-industry related — in the next year, Kleine said, and that could boost Michigan's unemployment rate from its current level of 7.2 percent to over 10 percent.

Kleine said other factors, like the high percentage of consumer debt and the relatively low amount of consumer savings, could also add to the state's problems.

"I think the consumer is really going to have to cut back quite a bit," he said.

On a national scale, Kleine said he anticipates slow growth in the economy through 1988 and a better than 50-50 chance of a recession the year after. And unless the trade deficit and federal deficit can be brought

under control, that will only make things worse for Michigan, he said.

"MICHIGAN's going to be suffering probably more than most any other state in 1988," Kleine said.

"Then if we hit a national recession in 1989, that's going to make things even worse. I think for the next two years, we're going to be in fairly difficult times."

The Legislature last week approved a supplemental budget bill trimming 1987-88 spending by \$71.6 million. The two chambers also increased taxes on insurance companies by \$41 million, computer software by \$11 million and cigarettes by \$44 million. In addition, federal income tax changes will allow the state to keep an additional \$65 million in income tax revenue above what was projected.

## GOP battle may delay state convention

AP — One of the state Republican Party's attorneys has raised the possibility that the national might give up its chance to pick the nation's first presidential delegate.

Postponing the official selection of 77 delegates to the Republican National Convention would give the party time to settle court action triggered by Michigan's unusual delegate-picking process, attorney Albert Addis said.

The state party leadership, dominated by an alliance of Pat Robertson and Jack Kemp loyalists, is appealing a court victory won by supporters of Vice President George Bush.

IN ADDITION, a group of Robertson and Kemp partisans has asked a federal judge to block the Bush victory by ruling unconstitutional the law cited in a ruling by Kent County Circuit Judge George Boucher.

The ruling deals with whether the Republican State Committee (RSC) can establish the method by which counties select their delegates to the state convention.

"The state committee feels the nominating process put in place has been compromised by this ruling," Addis said.

"The people I've talked to on the state committee have instructed me to pursue the case to its conclusion. That means the date of the convention could very well be in jeopardy."

he doesn't expect that to happen unless there's a court-ordered delay of the party's state convention set for Jan. 29-30.

"I think the majority of the state committee wants us to be first in the nation," said Michael Legg, a Northville Township attorney. Legg is a Kemp supporter, chairman of the 2nd Congressional District GOP and a member of the RSC selected to oversee the party's legal efforts. "There's nothing the state committee can do at this time to stop it from happening that I know of."

The Michigan Republican Party has been deeply divided by warfare between Bush supporters and the Robertson-Kemp coalition.

Backers of the former television evangelist and the New York congressman took control of the 101-member Republican State Committee earlier this year and since have prevailed on two rules votes designed to cripple the Bush effort.

BUT ANOTHER GOP insider said

ROBERTSON'S campaign has been counting on a January victory in Michigan to cripple Bush's effort just days before the crucial Iowa caucuses.

The Robertson campaign would rather hold the Michigan convention as scheduled, but is willing to delay, said Lori Packer, director of Robertson's Michigan effort.

"We're willing to make sacrifices for what's just and right. We're hoping for a speedy trial, but we want justice too. We want the convention,

and we want it on time, but we want to see justice prevail," said Packer of Southfield.

But her counterpart in the Kemp campaign was cold to the idea. "We're definitely not recommending it, pursuing it or participating in any conversation like that," said Dick Minard.

Harry Vervsey, Robertson's state chairman, said the convention would be delayed "if it were necessary to achieve justice in that case."

THE DIRECTOR of Bush's Michi-

gan campaign said he was surprised the Robertson backers would consider a delay.

"The Robertson coalition strategy has always been to hand the vice president a defeat right before the Iowa caucuses," said John Long, director of Bush's Michigan campaign.

"These guys will pay any price to prevent a loss for Pat Robertson,"

he said. "They have no compunction about it."

"They're totally unconcerned about the reputation of the Michigan Republican Party or what the impact of all their shenanigans will be to the state party."

Spencer Abraham, chairman of the state Republican Party, said he would have no comment until he had a chance to talk with Legg

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