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Former Governor of Michigan Delivers Economic Lesson

By Cathy Tyson



Jennifer Granholm and Dan Mulhern seated Photo
Cathy Tyson

"The story of Michigan is a cautionary tale for the country," said former Governor of Michigan Jennifer Granholm, who along with husband Dan Mulhern entertained a full house of eager attendees at a book tour event for the Commonwealth Club at the Lafayette Library and Learning Center.

Granholm served two terms as the Governor of Michigan, starting in 2002, winning re-election in 2006 during an unprecedented crises in manufacturing. Chatting with doting husband, and co-author, Dan Mulhern, the evening got off to a comical start with moderator Lisa Vorderbrueggen introducing everyone and asking about the proper way to address Mulhern; "first husband?" she asked. "First and last husband," said Mulhern, to chuckles from the audience. In his role as the spouse of the Governor he was "First Gentleman of Michigan."

The very down to earth, plain spoken pair who met in law school have an easy chemistry, and laid out a few of the many economic challenges of running the state over eight tumultuous years. All the details are spelled out in their new book, *A Governor's Story: The Fight for Jobs and America's Economic Future*.

Granholm described the book as a, "Story for the country - about the role of government and what we can do as a nation....How do you deal with life when fundamental assumptions have changed." In her opinion, low skilled manufacturing jobs are not coming back, especially in a global economy.

She illustrated this with a story of the Electrolux Corporation - formerly headquartered in Greenville, Michigan. With a town population 8,400 - 2,700 of those souls worked at the Electrolux refrigerator factory, the epitome of the company town. Understanding the financial pressure the firm was under, and knowing that if the business left it would be devastating to the community, Granholm offered extremely generous tax breaks and incentives from the state and local municipality. But in the end, the millions of dollars in concessions were not able to compete with the \$1.57 per hour they were slated to pay new workers in Juarez, Mexico.

Granholm outlined her attempt to improve Michigan's economy with twentieth century solutions, for what turned out to be twenty-first century problems. Despite aggressively cutting taxes, the state is 48th out of 50th in per capita government spending, and a personal income flat tax rate of 4.35% - one might assume that small government and lower taxes would spur growth. Unfortunately Michigan still has one of the highest rates of unemployment in the nation.

Granholm called for strategic interventions that allowed the state to diversify, which has slowly nudged the unemployment rate that spiked at 14% at the end of 2009 to 10.6% as of October 2011, according to the U.S. Bureau of Labor Statistics.

The pair advises investing in people, creating an incredibly educated workforce - something that they're working on right now. Mulhern is a Distinguished Practitioner of Business and Law at UC Berkeley. Granholm will be taking a sabbatical from her current teaching position at the Goldman School of Public Policy at Berkeley to host a television show devoted to covering the upcoming presidential election on new cable network, Current TV, starting in January. Not bad for a woman who grew up on the peninsula and at one time, many years ago was "Miss San Carlos."

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