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In today's Political Diary:

GOP's Future at Stake in Michigan Fight

Michigan's Republican Party is in the midst of an internal skirmish over, of all issues, taxes. The infighting came to public light in recent weeks when certain establishment-oriented party insiders began complaining that the state party chairman, Saul Anuzis, was sounding a message that's "too" anti-tax.

The state now faces a \$1.8 billion deficit and Mr. Anuzis sensibly wants that wiped out by cutting a bloated state budget, not tax hikes, but some Republicans in the legislature want to strike a deal with pro-tax Governor Jennifer Granholm. Mr. Anuzis' persistent proclamations against higher taxes have caused grumbling among party moderates, who complain he's "making it more difficult to work out a deal to resolve Michigan's nagging budget deficit," as the Detroit News recently reported. The moderates insist that it's inappropriate for a party chair to dictate the party's policy to elected officials.

Conservatives, for their part, can't fathom why Mr. Anuzis' behavior has come under attack in his own party. They fear it means liberal Republicans in Lansing are signaling their readiness to cut a budget deal with pro-tax Democrats at a time, peculiarly, when Democrats seem disposed to shoot themselves in the head on the budget. House Democratic Speaker Andy Dillon has become so frustrated with the refusal of Senate Republicans to negotiate on taxes that he just announced: "We are going to act alone." He wants to raise income and/or sales taxes in the state.

That budget solution would be an economic catastrophe for a state that already has among the nation's highest unemployment rates and highest number of mortgage foreclosures (despite having missed out on the housing boom that led to mortgage excesses in other parts of the country). Why Republicans would want their fingerprints on this economic suicide pact is a mystery to the conservative activists I interviewed in the state.

Democrats have been gaining electoral ground in this national battleground state in recent years, but today's tax fight could be a pivotal moment to define the differences between the two parties. Grover Norquist, president of Americans for Tax Reform, says that Mr. Anuzis is a "party chair worthy of cheering." And Mr. Anuzis isn't backing down. "We have to hold the line on no new taxes," he tells me. By giving voters a real choice between lower taxes and more spending, Mr. Anuzis is doing exactly the right thing to bring Republicans back to majority status in Michigan.

-- Stephen Moore