Vetoes and Venues: Economic Crisis and the Roads to Recovery in Michigan and Ontario

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The Great Recession in 2008–2009 was devastating to the Great Lakes region, exacerbating a nearly decade-long industrial crisis that had already eliminated one million manufacturing jobs. This article examines how subnational governments in Canada and the United States adjusted to the cascading economic disaster. It compares and analyzes the cases of Ontario and Michigan, which have similar economies but important political institutional differences, notably in the executive-legislative relationship and in their policy-making power. These cases, which share an international border, offer control over an unusually large number of alternative explanatory factors, permitting a focused analysis of the impact of divided government and fiscal decentralization on executive policy making. The analysis draws on and integrates the veto player and venue shopping literatures.

After presenting the research problem and design, the article turns to the two case studies. These review executive responses to the economic challenges in the years leading up to, during and immediately after the Great Recession. The article finishes with a comparative evaluation of the executives' economic strategies and the factors that explain the observed differences. The main thesis is that Ontario's more robust policy response to the economic crisis was related to its institutional advantage of having greater fiscal resources than Michigan and a parliamentary system instead of a separation of powers and divided government. Limited resources and

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a political stalemate in Lansing, the state capital, compelled Michigan's governor to pursue a Washington strategy to rescue the state economy.

Adjusting to Economic Structural Transformation

The economic transformation of the highly industrialized Great Lakes region began decades ago. Technological change and global competition, aggravated by cyclical economic crises in the 1970s and 1980s, caused massive deindustrialization in what were once world-leading manufacturing centres. The accelerated pace of economic structural transformation has generated a new set of problems and research questions. Changes that previously occurred over decades are now marked in years.[1] Between 2000 and 2010, Ontario lost over 300,000 manufacturing jobs, while Michigan lost more than 400,000 (see Table 1), particularly in the automotive sector, and over 800,000 jobs altogether. In Europe and North America, economic structural transformation encompasses both deindustrialization and the ongoing shift to the service sector. Cities, states and provinces undergoing economic transformation face challenges and opportunities, as they attempt to build competitive and diversified economies with innovative and entrepreneurial strategies (Clark and Gaile, 1989; Eisinger, 1988). These include export promotion programs and efforts to attract new investments with tax abatements and other financial incentives. Public and private initiatives on both sides of the border prioritized the growth of "knowledge-based" industries, particularly in the health and high technology sectors (Glazer and Grimes, 2004; LaMore et al., 2005; Ontario Ministry of Finance, 2005).

TABLE 1
Key Economic Trends

	Manufacturing Employment (thousands)		Real GDP Index (expenditure based)	
Year	Michigan	Ontario	Michigan	Ontario
2000	896.6	947.5	100.0	100.0
2002	761.4	903.0	100.5	104.9
2004	698.3	874.3	100.7	109.1
2006	648.2	834.7	99.1	114.9
2008	572.0	751.5	95.0	116.3
2010	473.9	643.1	92.9	115.2
2012	536.9	657.0	98.3	118.9

Sources: US Department of Labor, Bureau of Labor Statistics;
Employment (Table 281-0024), Statistics Canada;
US Department of Commerce, Bureau of Economic Analysis;
Ontario Ministry of Finance.

Abstract. This article examines executive responses to economic decline in Ontario and Michigan from 2003 to 2012, when the two governments struggled to adjust to a severe manufacturing crisis which greatly worsened during the Great Recession in 2008–2009. Sharing an international border, these cases offer control over an unusually large number of economic, social and political factors, permitting a focused analysis of the impact of divided government and fiscal decentralization on executive policy making. The research finds that greater fiscal decentralization in Canada and unified government in Ontario allowed the province to develop a more rapid and more robust response to the economic crisis in comparison to the State of Michigan. Budgetary constraints and a partisan veto at the state level forced Michigan's governor to redirect her efforts to the federal venue.

Résumé. L'article examine les réponses des exécutifs au déclin économique de l'Ontario et du Michigan de 2003 à 2012, lorsque les deux gouvernements éprouvèrent des difficultés à s'adapter devant une grave crise du secteur manufacturier qui empira durant la Grande Récession de 2008–2009. Partageant une frontière internationale, ces deux cas permettent de contrôler un nombre inhabituellement élevé de facteurs économiques, sociaux et politiques. Cette recherche montre qu'une plus grande décentralisation fiscale au Canada et qu'un gouvernement unifié en Ontario ont permis à la province d'élaborer une réponse plus rapide et plus robuste à la crise économique comparativement l'État du Michigan. Les contraintes budgétaires et un veto partisan au niveau de l'État ont en effet forcé la gouverneure du Michigan à rediriger ses efforts vers le gouvernement fédéral.

When the extraordinary financial crisis arrived in 2008, the primary concern of governments and businesses became economic survival. US states, facing "budget disasters," prepared drastic plans to restructure public finances and stimulate growth. Many of these plans were similar, having an emphasis, for example, on developing renewable energy production (Johnson, 2011: A12). Effective policy responses were needed urgently. For them to be enacted, however, required an institutional capacity and a hitherto unseen level of political co-operation, for innovative programming is fruitless if veto players block legislation (Tsebelis, 2002). This article analyzes the impact of institutional arrangements, in particular, the political and fiscal capacity of subnational governments. Their situation is quite different from that of central governments, which face fewer constitutional and financial constraints.

Whereas subnational governments in both Canada and the United States enjoy considerable autonomy, there are important differences between the two countries. A province like Ontario, wielding somewhat greater fiscal power and not hampered by divided government, may be able to adjust to an economic crisis better than Michigan. Provincial and state executives must adopt policy-making strategies that are viable in their respective institutional environments. In multilevel systems, political actors shop for the most promising venues (Baumgartner and Jones, 1993; Constantelos, 2010). This may lead US governors to follow a federal strategy when government is divided at the state level, especially if the national policy-making venue is not similarly blocked by partisan veto players.

Research Design

The analysis adopts a comparative "most similar case" design, where cases are selected to control factors other than the key explanatory variables (Lijphart, 1971). Data come from public and internal government documents and journalistic sources, as well as from personal interviews with leading public officials, economic planners and interest group leaders. These are assembled in a manner that facilitates the tracing and comparison of executive policy making.

Cases

Ontario and Michigan are important cases because of their large economies and extraordinary experience during the Great Recession. They offer an exceptional opportunity to conduct a cross-national analysis of the identical economic shock. Many variables are controlled in the Ontario-Michigan comparison, including the size and social composition of the population, language and culture, labour force characteristics and income levels (see Table 2). Key economic variables, such as the sectoral structure, macroeconomic trends and the regional economic position in the global economy are also very similar.[2] From 2003 through 2010, both governments were led by centre-left executives, Dalton McGuinty and Jennifer Granholm, whose priorities and policies conflicted with those of conservative federal governments (the Harper government in Ottawa and, until 2009, the Bush administration in Washington). This natural experiment allows us to focus on two important political institutional factors: fiscal decentralization and the relationship between the executive and legislative branches (that is, unified or divided). Although institutional rules do not generate policies, their constraining effects are well documented (Immergut, 2006).

Three paired comparisons, marked by time, are embedded in the larger cross-national analysis. The first comparison (2003–2007) examines the responses of the Granholm and McGuinty governments to long-term

TABLE 2
Michigan and Ontario before the Great Recession: Basic Indicators

	Michigan	Ontario
Population (2005)	10.1 m.	12.5 m.
GDP (2005, US$1 = C$1.21)	US $372 b.	US $444 b.
Per capita income (2005)	US $36,800	US $35,500
Manufacturing share of total employment (2006)	14.9%	15.5%
Unemployment rate (2006)	6.9%	6.4%
Auto production (2007)	2.5m. units	2.25 m. units
Political (Executive)	liberal 2003–2011	Liberal since 2003

industrial decline. The second (2008–2010) looks at the governments' policies during the global economic crisis and into the recovery. The Great Recession became inextricably intertwined with the longer-term structural crisis, and it would be misguided to analyze them separately, even if they stem from different root causes. The third comparison (2011–2012) begins when the Republican administration of Rick Snyder has taken office in Michigan. Varying the type of crisis and the partisan composition of the governments facilitates evaluating the impact of the key independent variables.

Dependent variable: Subnational policy responses

Broadly, the dependent variable is the strength of the policy response of the executive branch. This is evaluated in each of the three time periods. As the Great Recession intensified, priorities changed and stronger responses were needed to resolve pressing fiscal problems. The central question is to what extent did the Michigan and Ontario governments move away from an unacceptable status quo. The policy response is categorized as robust, mixed or weak, based on two indicators. A robust response is both timely and ambitious (Putnam et al., 1993). Thus I examine the speed and scope of the state and provincial policy responses. *Speed* is defined as the amount of time required for problem recognition, policy formulation and budget approval. *Scope* is defined as the comprehensiveness, coherence and innovativeness of economic stimulus programs.[3] Here we look for policy initiatives that go beyond the routine obligations of governments, keeping in mind that an effective policy response is not necessarily one that increases public spending (Wilson, 1994). Political parties evaluate and develop solutions to public issues differently, following their ideologies and interests. Therefore, unbiased evaluations of performance should focus on governments' success in achieving their policy objectives.[4] The present analysis evaluates the ability of governments to advance their preferred policies (outputs), not the economic impact of the policies (outcomes).

Independent variable 1: Partisan control of the executive and legislative branches

A parliamentary system that produces single-party governments may produce a superior policy response compared to a polity with a separation of powers. A separation of powers presents more veto points and veto players (Immergut, 1990; Tsebelis, 2002), which may hinder or block policy initiatives,[5] particularly in bicameral systems (Tsebelis and Money, 1997).[6] Moreover, elections in presidential systems often generate divided governments. While moderation and consensus may emerge from divided government, the clashing ideological and strategic political interests of parties in control of separate branches of government can also lead to legislative gridlock (Fiorina, 1992).[7] The theoretical and empirical support of this hypothesis is mixed. In his landmark 1991 public policy analysis, David Mayhew (2005) concludes that "surprisingly, it does not seem to make all that much difference whether party control of the American government happens to be unified or divided" (Mayhew (2005): 198).[8] Krehbiel (1998), observing that gridlock may occur even under strong unified government, emphasizes its institutional rather than partisan foundation (for example, supermajority vote requirements). Other scholars, employing alternative outcome variables and/or case selection methods, find that divided government in the US federal government reduces the number or proportion of innovative policies or pieces of landmark legislation (Binder, 1999; Coleman, 1999; Edwards et al., 1997; Howell et al., 2000; Kelly, 1993). At the US state level, legislative production is reduced when bicameral legislatures are divided, though not when the branches of government are divided (Rogers, 2005). Although policy making is more difficult under divided government, unified government is neither a sufficient nor a necessary condition for successful legislating (Herzberg, 1996; Rieselbach, 1996). One objective here is to determine if an extreme crisis could induce divided governments to overcome legislative gridlock.

The relationship between partisan control of government and policy making is complex and it is affected by many other factors. Because context matters, an institutional analysis benefits from the controls offered by pairing cases. Controlling for policy preferences is particularly important in evaluating the impact of institutional arrangements on policy making (Hammond and Butler, 2003). The present analysis treats parliamentary systems with single-party majorities and one-party governments in presidential/gubernatorial systems equivalently. These systems have fewer, and less partisan, veto players in comparison to divided governmental regimes, potentially enabling them to respond more quickly to crises. Tsebelis (2002: 8) argues that "decisiveness in bringing about policy change is good when the status quo is undesirable…or when an exogenous shock disturbs a desirable process." However, it is also possible that unrestrained policy-making power of a dysfunctional government will worsen an undesirable status quo.

Independent variable 2: The territorial distribution of power

The second independent variable is the territorial distribution of power between the central and subnational governments. Researchers often focus on the formal constitutional powers of federal and unitary systems. To compare the constitutional powers of two federal states is difficult and it can be misleading, for the importance of enumerated, residual and implied powers is subject to judicial interpretation and it changes over time. For example, even though the federal government has more enumerated constitutional powers in Canada than in the US, scholars who have compared the two systems find that overall the Canadian provinces are somewhat more powerful than the US states (Field, 1992: 120; Simeon and Willis, 1997: 175; Watts, 1987: 791). There are also important variations in how subnational units are connected to the central government, independently and collectively, and to each other. Furthermore, formal constitutional powers are embedded in a social, historical and economic context that affects the ability of political actors to exercise them (Wachendorfer-Schmidt, 2000).

Lijphart (1984) introduces political decentralization as a second dimension of the territorial distribution of power, arguing that "decentralized power may also occur in formally unitary states" (Lijphart (1984): 169). Though decentralization and federalism often coexist, the concepts are sufficiently independent to warrant individual attention (Biela et al., 2013; Keman, 2000). Scholars assess the extent of state decentralization using a variety of legal, political and financial indicators. By these measures, Canada is one of the world's most decentralized countries, with the United States not far behind (Hooghe et al., 2010; Simeon and Radin, 2011; Thorlakson, 2003).[9,10] Thus, the Ontario-Michigan comparison offers not only many control variables, it also allows for a "crucial test" of a key explanatory variable. If the policy responses are found to be stronger in Ontario than in Michigan, cases with slight variation in the levels of political decentralization, we can reasonably infer that differences will be found also when comparing cases with greater variation in decentralization.

Control of taxing and spending powers gives local authorities greater latitude, flexibility and leverage in economic policy making. The US has one of the highest levels of subnational control of both revenues and expenditures in the OECD, but no member is more fiscally decentralized than Canada (Blöchliger and King, 2006).[11] Subnational financial power is defined not simply by the relative share of resources available to middle- and lower-level governments. It depends also on the ability to use these resources freely, without the interference or potential veto of the central government, and on the ability of the subnational governments to influence central governmental fiscal policy, formally or informally. While neither the Canadian provinces nor the US states are subject to direct central governmental interference in economic policy making, federal mandates have imposed more budgetary constraints on the states than the provinces (Hueglin and Fenna, 2006; Simeon and Willis, 1997). Furthermore, because of the intergovernmental nature of Canadian federalism (Tomblin, 2000), a large province is more able than a large American state to shape central government budgets. Thus, greater subnational fiscal power may provide the Canadian provinces with an advantage over the US states when it comes to formulating a policy response during an economic crisis.[12]

Turning to the case study locations, greater fiscal decentralization in Canada does translate into higher government revenues in Ontario compared to Michigan, on an absolute and per capita basis.[13] Also, Ontario is less dependent than Michigan on central government funds. In 2010, federal transfers accounted for about 20 per cent of Ontario's revenues and over 40 per cent of Michigan's. Finally, Ontario governments, unlike their Michigan counterparts, are not strictly required to maintain balanced budgets.[14] We shall determine if greater fiscal capacity enables a stronger response to economic crisis.

Hypotheses

It is reasonable to expect that two centre-left governments will develop similar policy responses to similar economic challenges they are experiencing simultaneously. The null hypothesis, then, is that we would find no major differences between Ontario and Michigan in their responses to the economic crisis. In this article, I test two alternative political institutional hypotheses:

H1: Subnational policy responses to economic crisis will be more robust in a parliamentary system with a single-party majority government. When subnational government is politically divided (or lacking a majority), we expect:

- a delayed or blocked policy response
- a less ambitious agenda, because far-reaching proposals can or will be blocked
- a less coherent policy response, resulting from the effort to satisfy conflicting interests.

H2: Subnational policy responses to economic crisis will be more robust in the more decentralized polity, where stronger political and financial capacities exist. Though both countries in this study are categorized as decentralized, greater decentralization in Canada than in the US should lead to:

- less reliance on federal government resources for policy reform
- quicker enactment of budgets and policies, because subnational actors do not anticipate or await federal action
- a more comprehensive, coherent and innovative policy response that addresses local needs and preferences.

I posit that there is an interactive effect between the two independent variables. A robust subnational executive response is expected only in

FIGURE 1
Hypothesized Subnational Political Responses (*italics*) and Placement of the Case Studies ***(bold)***

		Subnational Government	
		Divided/Minority	Unified/Majority
Territorial Distribution of Power	Centralized	*weak; central government strategies used*	*mixed*
	Decentralized	*mixed* ***(Michigan/Granholm)***	*robust; reliance on own-resources* ***(Michigan/Snyder)***
	Highly Decentralized	***(Ontario/McGuinty, 2012)***	***(Ontario/McGuinty, 2003-2011)***

decentralized polities that are unified or majority controlled. Having greater subnational autonomy and a divided or minority government will lead to a mixed response because policy initiatives can be blocked by opposition parties. Conversely, a majority-parliamentary or unified government with limited financial autonomy will be fiscally constrained in policy making. Thought not tested here, we would expect a weak response from divided or minority subnational governments in centralized polities. In such cases, subnational political actors would depend on the central government, particularly in a presidential system[15] fully controlled by a political ally.[16] These expectations are presented in Figure 1 above.

Each independent variable would lead us to expect a more robust response in Ontario than Michigan. To disentangle the impact of the two independent variables and to determine if a weaker response in Michigan is the result of divided government (rather than from greater decentralization), I compare the Granholm administration (2003–2010), which featured divided government, and the first two years of the Snyder administration (2011–2012), when there was full Republican party control of the executive and legislative branches.

The Economic Crisis in Ontario

Though Ontario remains first in provincial GDP and is home to the country's largest city and financial capital (Toronto), its historical role as Canada's industrial engine has diminished. The provincial economy grew steadily after the recession of the early 1990s, creating jobs even in the manufacturing sector, unlike the US Great Lakes states, where manufacturing had been declining for years. Overall economic growth continued until late 2008 (see Table 1), but manufacturing was slowing and the motor vehicle sector was contracting by 2006. Manufacturing employment peaked in 2000 and began falling at a steady, then accelerated, rate. In contrast, the manufacturing sector in the other provinces grew until 2008, according to Statistics Canada. The Ontario economy is highly dependent on exports to the United States, and many of the province's problems were related to Detroit's automotive slump. In 2006, bankruptcies in Ontario nearly doubled. The Canadian dollar's rise in value against the US dollar in 2007 exacerbated the manufacturing crisis, as Canadian exports became relatively costly. The province lost 56,600 manufacturing jobs in 2007 (Ontario, 2007).

Reports of plant closures in 2008, particularly in the automotive sector, began appearing almost weekly. Buzz Hargrove, president of the Canadian Auto Workers, declared in February 2008 that "It's the worst situation in the auto parts industry since I started in 1964 and it's not temporary. It's a massive restructuring" (Keenan, 2008: B1). Government statistics tell a similar story: the manufacturing share of employment and gross provincial product fell nearly 4 per cent in only three years. The overall income decline caused Ontario to become one of the "have-not" provinces and in 2009, for the first time ever, to receive federal equalization payments.

McGuinty's response to the manufacturing crisis (2003–2007)

In the provincial election of October 2003, Dalton McGuinty's Liberals doubled their share of seats in the assembly, ending eight years of Progressive Conservative rule. The McGuinty government began addressing the difficulties of the automotive sector soon after the election, unveiling in April 2004 a $500 million Ontario Automotive Investment Strategy. This program reshaped an existing R&D fund to offer financial support directly to the automotive industry for worker training, infrastructure and technological development.

From that point forward, the McGuinty government introduced a wide variety of programs to promote provincial economic development. These generally provided subsidized loans and other financial incentives directly to firms and investors, and were administered by the former Ministry of Economic Development and Trade (MEDT) and the Ministry of Research and Innovation (MRI), a portfolio that McGuinty himself chose to hold from 2005 to 2007. For example, in 2006, the $500 million Advanced Manufacturing Investment Strategy was launched, providing interest free loans for new manufacturing investments. The following year, MEDT announced the creation of the $1.15 billion Next Generation of Jobs Fund for developing innovative green technologies.

The economic downturn was an enormous issue in the run-up to the October 2007 provincial elections, generating more than the usual amount of partisan acrimony and a heated debate over the appropriate provincial and federal policy responses. Ontario's plant closures and job losses led the opposition Conservatives and New Democrats to declare the government's programs a failure. McGuinty, in turn, blamed Canadian Prime Minister Harper's Conservative government, accusing it of indifference to Ontario's industrial crisis. On the campaign trail, he argued, "The government can't just cut taxes and stand aside. You've got to come to the table in a meaningful way" (Ferguson, 2007: A01). Later, at a legislative assembly hearing, MEDT Minister Sandra Pupatello defended the government's performance, emphasizing the speed and effectiveness of its response: "[We were able] by 2004 to actually come forward with the automotive investment strategy….What we were able to do between 2004 and 2007 was land $7.5 billion of total investment by the automotive sector" (Legislative Assembly of Ontario, 2008).

After winning re-election, the government at the end of 2007 announced another new initiative: a comprehensive $3 billion package of programs intended to create jobs and stimulate the economy, including retroactive business tax reductions, major infrastructure projects, worker re-training programs and investments intended to improve the competitiveness of the manufacturing, forestry, agriculture and tourism sectors (Ontario Ministry of Finance, 2007). The capital tax reduction was urged by the federal government and heralded as a "life raft" by GM Canada and "a quick reaction to what we've been asking for," by auto parts makers (Van Praet, 2007: FP4). In 2007, the government also established the Ontario Venture Capital Fund and the Investment Accelerator Fund for start-up capital.

The Great Recession (2008–2009) and recovery (2010–2012)

The Great Recession was less severe in Canada than in the US, but far more severe in Ontario than in the other provinces, due to Ontario's leading position in finance and industry. Not entirely insulated from the US mortgage crisis, Toronto's banks shed workers in late 2008. Manufacturing was in freefall—a staggering 56,000 jobs were lost in November alone—and the crisis seemed beyond the province's ability to manage. Understanding that Washington's priority was to save US auto plants, McGuinty called for federal action, in a statement that incidentally reveals his evaluation of provincial capacity (albeit in a strangely personal manner): "If it was just me up against Jennifer Granholm, the governor of Michigan, that would be great…but we're up against the United States of America and that's why we're going to need to work with the feds on this" (Jones, 2008). Eventually persuaded that the survival of the Canadian auto industry was at stake, the Harper government worked with the province to craft a $4 billion loan package for GM of Canada and Chrysler Canada, which included $1.3 billion from the province. Intended to be Canada's proportional share of assistance, it was announced on December 20, the day after the US auto bailout was finalized. The agreement, however, did not stave off further plant closures and layoffs: January 2009 saw Ontario's highest monthly job loss—71,000 workers—in over twenty years (Ontario, 2009). Under the intense pressure of a threatened no-confidence vote, the minority Harper government in Ottawa reversed its earlier intention to cut spending and instead presented a 2009 federal budget that featured a $40 billion stimulus package, including nearly $20 billion for infrastructure and the housing and construction sectors. Ultimately, the Liberals supported the federal stimulus—it was opposed by NDP and the Bloc Québécois—even though the party believed Harper's response to the crisis was inadequate.

Facing a grave economic outlook and sharply declining corporate tax revenues, the McGuinty government faced difficult choices in preparing its 2009–2010 budget. It was already under attack because of the $6.4 billion revenue shortfall from the year before. Social expenditures—most importantly, health care—were expected to increase by over $3.6 billion in 2009, yet their financing was uncertain because McGuinty had promised not to raise taxes.[17] The $115 billion budget that Finance Minister Duncan presented in March 2009 would increase provincial expenditures by $12 billion. About one-quarter of the increase was financed by higher central government transfers. Most of the new revenue was borrowed, creating an unprecedented projected deficit of $14 billion, which eventually swelled to $19 billion. The budget featured an immense $32.5 billion infrastructure spending stimulus that was projected to create over 300,000 jobs over two years. Money was also provided for new initiatives to stimulate sustainable long-term growth: $250 million for an Emerging Technologies Fund and $390 million (matching the amount of a federal initiative) to fund the *Green Energy Act*, which subsidized the development of wind, solar and biomass industries.

Although opposition MPs accused the premier of "fiddling" while the Ontario economy was deteriorating (Legislative Assembly of Ontario, 2009), McGuinty's speeches and press releases suggest that, to the contrary, he was extremely focused on the economic crisis. He published 28 speeches in 2009 (compared to five speeches in 2008), half of them addressing the government's response to the crisis. Forty-three of the 88 press releases issued in 2009 were related to the government's crisis response.[18]

McGuinty's mobilization of Ontario's own funds in 2009 was intended to stimulate the economy in the short term, create jobs and restructure public spending for long-term growth. While it is beyond the scope of this article to evaluate the economic impact of the plan, the Conference Board of Canada found that Ontario's relatively quick recovery was connected to the Liberal stimulus program (Conference Board of Canada, n.d.). The provincial economy, which contracted by 3.5 per cent in 2009, grew by 3.3 per cent in 2010. Ontario's unemployment rate fell from 9.0 per cent in 2009 to 7.2 per cent at the end of 2010. Spending increases in 2009 and 2010, however, also created the largest budget deficit among the Canadian provinces. Facing uncertain economic forecasts, approval ratings of under 20 per cent, and a difficult re-election battle in 2011, McGuinty defended his government's achievements against intense criticism from the NDP on the left and the Conservatives on the right. The Liberals won the October 2011 election, but fell one vote short of a majority in the 40th provincial assembly. Unable to pass significant legislation with a minority government in 2012 and weakened by a corruption scandal, McGuinty prorogued the assembly and announced his resignation in October 2012. Conceding later that "we did not do minority government well," McGuinty placed full blame for this on the opposition (Benzie, 2014: IN1).

The Economic Crisis in Michigan

Michigan's automobile-based economy was stagnating long before the Great Recession arrived. Job losses began in 2000 and continued for ten consecutive years. Most of the layoffs were in manufacturing, which lost nearly half its workforce (see Table 1). The unemployment rate rose from 3.7 per cent in 2000 to more than 14 per cent in 2009, the highest in the country. It would have been even higher were it not for the outflow of Michiganders leaving the state for more promising economic climates. Michigan was the only state whose population fell in the 2010 census, much of that from Detroit, which lost one-quarter of its residents during the decade. In the span of a few years, Michigan's largest city had the unenviable distinction of experiencing the nation's largest ever corporate (GM) and municipal bankruptcy. Immersed in a "one-state recession," Michigan was especially hard hit by home foreclosures when the mortgage crisis erupted in 2007.

Granholm's response to the manufacturing crisis (2003–2007)

As Michigan's budget depended heavily on tax revenues from the manufacturing sector, declining profits of the "Big Three" automakers had a severe impact on state programs. To pass a balanced budget, spending cuts were made as early as 2002, and every year thereafter. There was longstanding recognition in Michigan of the need to reduce the state's dependence on the automotive sector and to promote a knowledge-based economy (for example, LaMore et al., 2005; Michigan Future, 2006). The Michigan Strategic Fund (MSF) was established in 1984 to provide investment incentives to diversify the economy. John Engler's Republican administration (1991–2002) established the semi-autonomous Michigan Economic Development Corporation (MEDC), which administered a variety of new development and tax incentive programs, including the Michigan Economic Growth Authority (MEGA), the Brownfield Redevelopment Financing Program, Renaissance Zones and Smart Zones (Citizens Research Council, 2007).

Jennifer Granholm emphasized the need to restructure Michigan's economy in her election campaign, and in the 2003 State of the State address, just weeks after her inauguration, when she declared, "We will have to innovate…. Michigan can't afford to wait for federal policy or a national trend to lift our boat. We must do that job ourselves." She proposed building on the existing Life Sciences Corridor, to create a Michigan Technology Tri-Corridor that, like California's Silicon Valley and North Carolina's Research Triangle, would generate technological innovations and stimulate economic growth. However, facing a projected deficit of $1.7 billion in the new fiscal year, the governor's first budget actually cut spending for MEDC and the Life Sciences Corridor. Another first-year initiative, the Cool Cities urban renewal program, had the ambitious goal to make Michigan's cities more attractive to young professionals. Though innovative and holistic in its approach to neighbourhood development, the $6.3 million program was actually modest in scope, and built largely on existing state and federal resources (Pratt and Tyszkiewicz, 2007).

As the manufacturing crisis deepened during Granholm's first term, it became clear that the state could not stop the "category four economic hurricane" (Granholm and Mulhern, 2011). In early 2004, Electrolux decided to close a 2700-employee refrigerator factory and move production to Mexico, despite receiving an extraordinary incentive package to stay in Michigan. Governor Granholm articulated an automotive strategy in August 2004, prioritizing R&D, investment incentives and worker training. However, declining revenues and Republican control of the legislative agenda made it very difficult to reach agreement on specific policies and appropriations. The Republicans promoted general tax cuts to revitalize the economy, while the Granholm administration fought annually to preserve funding for the MEDC, which had lost favour in the legislature.[19] As Democrats and Republicans squabbled over how to save the state economy, the Big Three closed plants and auto parts giant Delphi filed for bankruptcy protection.

The administration's most ambitious response to the manufacturing crisis was the establishment of the 21st Century Jobs Fund in November 2005, drawing on revenues from the 1998 Tobacco Master Settlement Agreement. This program, funded at half the amount Granholm proposed, provided $1 billion over ten years for technology transfer, investment and commercial lending in four growth sectors: alternative energy, the life sciences, homeland security/defense and automotive/advanced manufacturing. Later, tourism and film production would be added to the list of priority sectors receiving preferential appropriations and tax incentives.

Governor Granholm devoted much personal effort—leading thirteen trade missions to Asia and Europe, for example—to attract foreign investment to Michigan. The president of the Hyundai America Technical Center in 2003 acknowledged the efforts of the governor and the MEDC in the company's decision to expand in Michigan rather than to relocate to Alabama, where production was based. Brownfields tax credits were instrumental in leading Toyota in 2005 to select Michigan for its $150 million technical centre expansion. However, partisan gridlock in Lansing undermined even the effort to attract foreign investment,[20] and the newly created jobs were a small fraction of the number that were lost.

In 2006 Granholm won a second term and the Democrats took control of the Michigan House. However, gerrymandered districts helped the Republicans hold the Senate. The continued impact of divided government on policy making was evident in the partisan battle over the fiscal year (FY) 2008 budget, when the government tried to resolve a projected $2.2 billion deficit. The governor submitted a budget that cut many programs, but increased overall spending by 2.2 per cent, in order to fund her economic renewal programs. The Michigan Strategic Fund would receive by far the largest increase (122 per cent to $179 million); the next highest increase (9.2%) was for other economic growth and labour programs. To generate new revenue, the governor proposed a 2 per cent sales tax on services, but this was fiercely opposed by the Michigan Chamber of Commerce and several other business groups and defeated in the Republican Senate. It took nearly nine months and a brief partial government shutdown before the governor and the Republican leadership were able to reach agreement on the FY 2008 budget, which increased the income tax from 3.9 to 4.35 per cent.[21]

During these years, financial and political constraints at the state level compelled the governor to pursue a Washington strategy. Together with the governors of Pennsylvania and Wisconsin, she met with lawmakers and Bush administration officials in April 2004 to request assistance for the manufacturing sector. When negotiations over a multibillion dollar economic stimulus plan in Lansing broke down in November 2005, the governor travelled again to Capitol Hill to rally the state's congressional delegation for trade protection and federal assistance with the pension and health care costs of the auto industry. Michigan Democrats, including Senators Levin and Stabenow, and Representatives Dingell and Kildee, intensified their efforts for federal action, but Republican skepticism was found even among members of the Michigan congressional delegation.[22]

President Bush announced in January 2006 that federal aid to the automakers was unlikely. Detroit's prospects improved a year later, however, when the Democrats took control of the 110th Congress and Michigan lawmakers became chairs of key committees. An important achievement was the *Energy Independence and Security Act* of 2007, a compromise that raised automobile fuel efficiency standards by 40 per cent, but also authorized a \$25 billion loan program to help automakers meet the stricter regulations. Washington, not Lansing, had become the key policy-making venue for rescuing the state economy.

The Granholm administration during and after the Great Recession (2008–2010)

Whereas the budget process for FY 2009 went relatively smoothly, thanks to a \$6.5 billion increase in federal funding, the following year it did not. When Governor Granholm presented the FY 2010 budget in February 2009, the US economy was deeply mired in recession, and Michigan's economy was, as the governor described it, "likely to get worse before it gets better." With tax revenues plummeting to 1991 levels, the state faced a projected deficit of \$1.8 billion. The budget proposal protected the 21st Century Jobs Fund and worker retraining programs; however, it anticipated spending cuts of \$670 million, including substantial reductions for public safety and corrections, human services and education. It also planned some 1500 public employee layoffs and the elimination of entire departments. After eight years of spending reductions, there was no longer any fat to cut.

Deteriorating economic conditions in 2009 did not generate bipartisan co-operation. To the contrary, the FY 2010 budget process was disastrous.[23] As the deficit projection grew to \$2.8 billion by late summer, the Senate Republicans sought to double the spending cuts by slashing local revenue sharing and the Michigan Promise college scholarship program they had previously supported, while refusing to consider any further tax increase. The partisan deadlock continued through the end of the fiscal year, leading to another brief government shutdown until a continuation budget was agreed. Her hand forced by the Republican tax veto, the governor approved bills a month later that cut spending by \$1.87 billion, then declared publicly, "It is a budget I don't agree with and don't support" (Luke, 2009).

The impact of Michigan's fiscal constraints on its ability to restructure the economy is evident in the state's failed attempt in 2009 to encourage Honeywell's WindTronics division to open a wind turbine factory in Michigan. This event was particularly discouraging because renewable energy investment was a priority objective for the governor and, furthermore, because the company was headquartered in Michigan. The administration supported a proposal to locate the factory in the depressed industrial city of Muskegon. The MEDC offered a $500,000 upfront loan and a $3.7 million, 10-year, tax break. WindTronics decided, nonetheless, to build the plant in Windsor, Ontario, directly across from Detroit. Company officials indicated that the key factor leading to the decision was that the Province of Ontario offered more than five times the amount of startup money, with its $2.7 million grant. WindTronics' president explained the outcome this way: "Michigan really pulled up the rear of what we had as choices. Ontario, Canada, has an aggressive 'green' initiative. We needed to make this first-plant decision quickly" (Alexander, 2009).

The contrast between Ontario and Michigan is further illustrated in their joint effort to increase commerce with the construction of a new international bridge. The Ontario and Canadian federal governments made a substantial financial commitment to build a new crossing between Detroit and Windsor. Across the border, fiscal constraints and a well-funded lobbying effort by the owners of the aging Ambassador Bridge led the Republican-controlled Michigan Senate to block the initiative in a 2010 party-line vote, despite its approval by the Democratic House, support of the governor and a Canadian government offer to finance the construction without any appropriations from the State of Michigan ("D.R.I.C. Dead for Now," 2010).

As Republican opposition to any tax increases made it impossible for the governor to finance economic stimulus programs during the recession, federal assistance was needed. Governor Granholm had strong allies in Congress. However, the federal level presented a potential partisan veto, too; the Bush administration was unlikely to support a new rescue plan for Detroit. When the credit crisis became acute in November 2008, US Senator Carl Levin led the Michigan congressional effort to obtain an additional $25 billion in federal assistance, but this was unsuccessful ("GM asks for federal help in wake of auto industry sales carnage," 2008). Eventually, on December 19, 2008, President Bush reluctantly authorized a $17.4 billion bridge loan to GM and Chrysler from the "troubled assets" fund, realizing that it was the only option to prevent the collapse of the US auto industry.

Barrack Obama's victory was extraordinarily good news for the Granholm administration. Though Granholm supported Hillary Clinton in the primaries, during the general election campaign she was able to develop close ties with Obama's team. Appealing to Michigan and Ohio voters, Obama made a number of encouraging speeches during the campaign. Thus, Granholm was extremely disappointed that her considerable personal effort to protect GM and Chrysler from bankruptcy was unsuccessful (Granholm and Mulhern, 2011). The White House restructuring plan saved the auto industry, though it entailed additional plant closures and layoffs that the governor wanted to avoid. The Obama administration was, however, sensitive to the state's economic hardship and it wanted to modernize the auto industry. Michigan would become the leading beneficiary of new funding for advanced battery technologies, receiving $1.35 billion in grants from the $2.4 billion program, and the automakers would sell over one-half million new vehicles with the "cash-for-clunkers" program.

The Snyder administration's first two years (2011–2012)

Republican businessman Rick Snyder easily won the 2010 gubernatorial election. The Republicans held the Michigan Senate and retook the House, giving them one-party control of policy making in early 2011. The impact of having a unified (one-party) government on the budget process was dramatic. Though facing a projected deficit of $1.8 billion, the governor was able to pass a budget four months ahead of the October 1 deadline, the earliest approval date in fifty years. Balancing the budget was complicated by Snyder's pledge to reduce taxes and by the expiration of federal stimulus funds that helped close deficits in previous years. The governor's stated objective was to make Michigan an attractive location for business by reducing the overall tax burden. Most significantly, Snyder and the legislature eliminated the Michigan business tax, a long-standing demand of the powerful Michigan Chamber of Commerce, replacing it with a flat 6 per cent tax levied only on corporations. Governor Snyder declared that the Granholm economic development strategy of having the state government "pick winners" was over. Though Snyder was actually the MEDC's first chairman, he argued that under Granholm it was mismanaged, costly and ineffective. The new administration abolished MEGA and ended many of the economic development tax credits. A balanced budget was achieved through the elimination of an income tax exemption on pensions and with cuts in state aid to K-12 schools, higher education, social services, criminal justice and libraries. Snyder's policies helped raise Michigan's "business tax climate index" from 19th to 12th best in the country in just two years (Tax Foundation, 2012).

Discussion

Going into the global financial crisis, Ontario and Michigan were experiencing a similar trajectory of deindustrialization and declining revenues. Premier McGuinty and Governor Granholm made economic revitalization their policy priority. Both governments initiated programs to achieve that objective, encouraging in particular new investments in technologically advanced sectors. Once the regional economic crisis was subsumed by the global crisis, their focus shifted from the longer-term programs to immediate measures to stimulate the economy and to preserve funding for expensive health and social insurance programs. Although their goals were similar, the ability of the governments to realize their plans differed.

Speed of policy response

Perhaps the greatest difference between the two cases was the speed of the policy response. The difference was not in problem recognition, which was equally quick on both sides of the border. A review of McGuinty's and Granholm's speeches and press releases indicates that both executives prioritized economic renewal upon arriving in office and sustained that focus throughout their respective terms.[24] It was the speed of policy formulation and budget approval that proceeded much faster in Ontario than in Michigan. McGuinty's government was able to act early in the crisis, implementing its Ontario Automotive Investment Strategy soon after it took office. The State of Michigan, during the years of divided government, was paralyzed by a lack of consensus over policies and spending priorities. Governor Granholm's most important initiative to restructure the Michigan economy was not enacted until nearly the end of her third year in office.

Although the budget process is normally slower in Michigan than in Ontario, where budgets are routinely approved within two months after they are presented,[25] it is important to note that Michigan's fiscal crisis did not induce its political leaders to respond expeditiously; it worsened matters. Governor Granholm and Republican lawmakers struggled annually to reach agreement on the budget. Twice the legislature actually failed to pass a budget bill before the end of the fiscal year, leading to partial government shutdowns in 2007 and 2009, in the midst of Michigan's grave economic crisis. During the Granholm years, an average of 216 days elapsed between the introduction and final approval of the budget. It was a much easier and quicker process under unified government; it took only 124 days to pass Governor Snyder's first budget, and 137 days for the second. Not everything moved quickly; progress on the new international bridge, which the governor championed, was slowed by opponents in his own party, providing further evidence that a unified government does not guarantee policy making success.

Scope of policy response

There are similarities in the content of the economic policies, but there are also important differences. Both Ontario and Michigan developed targeted programs and some that were broader in scope. In Michigan, however, one does not see legislators passing or even considering anything like the crisis response of McGuinty's government in December 2007, when it unveiled a comprehensive set of policies, including business tax cuts, investments in key sectors, worker retraining programs and infrastructure spending, in a single coherent package. Rather, Michigan's political system during the years of divided government generated a patchwork of limited, unrelated and occasionally contradictory spending and tax incentive programs to stimulate the state economy. Ontario's parliamentary system allowed the McGuinty government to develop a robust response to the manufacturing crisis, largely using its own financial resources.

The robust policy-making capacity ended in 2011, when McGuinty lost his parliamentary majority. Ontario, like Michigan, turned to the federal government for assistance to save the auto industry in late 2008. Unlike Michigan, Ontario was a full participant in negotiating, drafting and financing the agreement. The auto bailout shows that even in the most decentralized polities, subnational governments lack the capacity of central governments to respond to extraordinary crises.

Jennifer Granholm governed Michigan during extremely difficult years, through successive rounds of budget and personnel cuts. By 2010 her approval ratings had fallen below 30 per cent. Although her many detractors blamed the governor for Michigan's problems, the state's economic decline was deeply rooted (Ballard, 2010; Bartik et al., 2006). Did Governor Granholm develop policies that led Michigan away from an unacceptable status quo? An overall review of her tenure reveals a mixed record of achievements. The Granholm administration did introduce several innovative programs to revitalize the Michigan economy, including the 21st Century Jobs Fund. This initiative, though, was funded at half the level she proposed, as monies had to be diverted to the general fund because of revenue shortfalls and the balanced budget requirement. When state revenues plummeted in 2009, Republican control of the Senate precluded a tax increase. Governor Granholm was unable to save even favourite programs, like the college scholarships. The innovative and relatively inexpensive Cool Cities program, mocked for its name and its obvious inability to reverse Michigan's economic decline, was in fact instrumental in renewing urban districts, like Grand Rapids' East Hills. However, the main MEDC economic development tools used during the Granholm administration were not innovative; they were established by previous administrations. Libertarian policy analysts accuse Granholm of greatly exaggerating the achievements of unsuccessful economic development policies (LaFaive and Hohman, 2009), though others find mixed or positive results (Anderson Economic Group, 2010; Bartik and Erickcek, 2010).[26] Personal income in Michigan began rising during the second quarter of 2010, Granholm's final year. Yet, the state's economic recovery was extremely dependent on the federal bailout of GM and Chrysler, federal grants for advanced battery production, and the federal government stimulus programs, which provided proportionally more funding to Michigan, compared to what Ontario received from Ottawa.

With Republican control of Michigan's House and Senate, Governor Snyder easily accomplished his primary objective of business tax reform. Snyder's economic development strategy was innovative, if simple. However, in the context of Michigan's balanced budget requirement, it came at the high cost of disinvestment in the state's public schools and universities during his first two years in office.

Conclusion

The auto industry loan package that Prime Minister Harper and Premier McGuinty negotiated at the end of 2008 was an exceptional moment of intergovernmental co-operation. In Canada, an obstacle to the formulation of a co-ordinated public policy has been partisan conflict *across* provinces and levels of government. In the US, intergovernmental conflict is often accompanied by partisan conflict *within* levels, making a policy response to economic crisis even more difficult to achieve. Ontario was able to act quickly and freely, despite the outright conflict between the McGuinty and Harper governments. The more robust response to the manufacturing crisis and the Great Recession is seen in Canada, where the provincial government could use its more ample resources and deficit spending power without the threat of a veto. In Michigan, the partisan divide led to a slow and uncertain response in 2007, even as the economy worsened, and to gridlock in 2009, at the height of the crisis. Facing fiscal constraints, and unable to overcome the veto of the Republican-controlled state legislature, Governor Granholm redirected her efforts to federal venues, where the political climate became more favourable during the Obama administration. Though the precise economic impact of these differences remains a matter of debate, Ontario's quicker economic recovery suggests that the policy outputs may be connected to the outcomes. What is clear, however, is that the McGuinty government was more able than the Granholm government to advance its preferred policies, and without a majority in 2012, it was less successful than the Snyder government in this regard.

It is difficult to generalize from a single comparative case study. Other factors could affect the ability of subnational governments to adjust to an economic crisis. With many of the alternative explanatory factors controlled in this analysis, we are able to highlight the impact of political institutions in Canada and the US in cases where we would not expect to find different policy responses. Having independent financial capacity and one-party government at the subnational level does appear to make a difference when these factors co-exist. When government is divided, fiscal decentralization is insufficient for a robust policy response. Facing fiscal constraints or veto points at their own territorial level, subnational actors will intensify their efforts at the federal level, especially when they can engage a friendly and unified central government.

Finally, it is worth considering an alternative explanation that would resonate with Governor Granholm's many critics: Michigan's weaker performance may simply be the result of leadership failure in the statehouse and in Detroit, whose mayor, Kwame Kilpatrick (2002–2008), was eventually convicted of dozens of corruption charges. This line of analysis fails to persuade, however. Premier McGuinty's detractors criticized his personal leadership in much the same manner. And, as the stunning antics of Toronto mayor Rob Ford demonstrate, Ontario has had its own share of poorly behaved officials. The institutional analysis, not leadership qualities, provides a better explanation of the different outcomes observed in two very similar cases.

Notes

1 For example, in Michigan, the share of the state GDP that derives from the manufacturing sector fell 1.1 percentage points from 1997 to 2002, but 3.5 points from 2002 to 2007 (U.S. Bureau of Economic Analysis, 2014).

2 The main difference is that Ontario's share of the national population and GDP is much higher than Michigan's. Also, Ontario's manufacturing crisis arrived later and was somewhat less severe than Michigan's.

3 A comprehensive response is marked by policies that are intended to stimulate sustainable economic growth in a variety of advanced sectors through capital and labour force investments. Evidence of a coherent response will be the thoughtful integration of policies rather than the development of individual policies without explicit consideration of their interrelationship. Policies are considered innovative when they depart from the status quo.

4 This observation is pertinent when comparing the performance of the centre-left government of Premier McGuinty to the centre-right government of Governor Snyder. The policy preferences of the McGuinty and Granholm governments were fairly similar.

5 Tsebelis (2002) calls for analysts to focus directly on the veto players instead of the type of regime. The correspondence between regime type and veto players is relatively straightforward in the US-Canada comparison.

6 Ontario, like the other provinces and Nebraska and unlike Michigan and the other US states, has a unicameral legislature. Therefore, this difference may affect the policy responses. It is probably safe to assume, however, that a more important factor is simply whether the government is divided (that is, when *either* house in a bicameral legislature is not controlled by the executive's political party).

7 Policy moderation through "institutional balancing" may be American voters' precise intention when going to the polls (Alesina and Rosenthal, 1995; Fiorina, 1992). Parliamentary systems, of course, face similar policy-making problems when coalition governments are formed, a point emphasized by Elgie (2001). In Canada, however, elections normally produce single-party majority governments.

8 Mayhew's verdict on divided government was more qualified in the updated second edition (2005: 226).

9 Hooghe, Marks and Schakel (2010) offer a comprehensive index of regional autonomy that measures subnational self-rule and the extent of shared rule with the central government in 42 democracies. Canadian provinces receive a score of 15 on the 15-point "self-rule" index, while the US states come slightly lower, at 14 points. The

difference arises from the provinces' broader policy-making powers, particularly on immigration issues. The Canadian provinces receive a very slightly higher score (20) than the US states (19.5) on the overall "regional autonomy index."

10 Although the Canadian provinces are in general more autonomous that the US states, power varies by province and is subject to interprovincial competition (Tomblin, 2000). Ontario has seen its dominant position diminish as political power in Canada has shifted to the fast-growing western provinces.

11 From 2003 to 2008, the Canadian central government's share of total revenues and expenditures was an average of 46.9 and 35.9 per cent. The comparable statistics for the US are 55.5 and 49.6 per cent, respectively (OECD, n.d.). Unlike the provinces, Canadian municipalities have relatively little revenue-generating authority. They depend heavily on property taxes, whereas cities in Michigan have the ability also to levy income taxes and to issue bonds.

12 Empirical support indicating that fiscal decentralization is associated with higher growth rates is found in Biela, and colleagues (2013) and Castles (2000).

13 Ontario's total revenues were about 20 per cent higher than Michigan's in 2000, and over twice as high, at current exchange rates, in 2010 according to annual budget reports. Ontario's revenues relative to the Canadian federal government's are vastly higher than Michigan's relative to Washington's.

14 Ontario passed a balanced budget law in 2004; however, it was written with a permissive escape clause.

15 Simeon and Radin (2010) believe that the separation of powers in the US binds national legislative representatives more closely to their local constituencies than in Canada.

16 Constantelos (2010) and Esselment (2012) argue that partisanship has been underemphasized in intergovernmental politics research.

17 A tax reform package provided both corporate and personal income tax reductions, though it raised revenues by subjecting more goods and services to a restructured harmonized sales tax.

18 Author's analysis of data from Ontario's Office of the Premier.

19 According to the former Republican Senate majority leader, there was less legislative oversight of MEDC under Engler, when the agency received reliable funding from the tobacco settlement and tribal casinos and was not dependent on annual budget appropriations (personal interview, September 19, 2008). An MEDC executive board member who served during both administrations believed that with divided government the MEDC, "lost serious momentum," and by comparison, the Engler years were "peachy" (personal interview, May 19, 2008).

20 For example, the president of a prominent regional economic development agency was unable to bring a Dutch company to Michigan because the divided government could not agree on a renewable energy portfolio standard (personal interview, May 19, 2008).

21 The fiscal year in Michigan begins October 1. The governor's FY 2008 budget, submitted on February 8, 2007, should have been approved by September 30, 2007, but it was not finalized until a month later. The continuation budget included a higher, though more narrowly based, services tax of 6 per cent, which was later repealed after intense pressure, and replaced with a business tax surcharge.

22 Rep. Pete Hoekstra opined that "Other states are thriving in the strong national economic climate. The governor needs to work in Lansing to develop solutions that will improve Michigan's economy and create jobs" ("Granholm, congressional delegation push jobs plan," 2005).

23 Seasoned lobbyists believed that to resolve the budget crisis, "There is finally a realization [among legislators] of the need to change old ways," yet, "there's no evidence of greater co-operation across political parties. Relations among members are worse than atomistic, they are antagonistic" (personal interviews, June 22 and July 27, 2009).

24 From September 2008 through December 2010, over 40 per cent of Granholm's press releases addressed the economic crisis, while the comparable figure for McGuinty was nearly 50 per cent.

25 From 2004 to 2011, it took an average of 65 days for the McGuinty government to pass its budget. Excluding 2005, when the budget carried over to the next session, the average falls to 47 days. With the minority government in 2012, budget passage took 83 days.

26 The Michigan Auditor General's performance audits (271–0415–09, 271–0420–11, and 271–0425–11) found that procedures for documenting the impact of several tax credit programs were ineffective.

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