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Tuesday, January 1, 2008

Ten things to watch in 2008

The Detroit News

Happy New Year! Or is it?

Who knows?

That's part of the allure of the annual rite of flipping the calendar. No one may know the future, but the holiday always inspires reflection, celebration and anticipation.

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In that spirit, The Detroit News highlights 10 stories to watch in 2008. As always, they involve the institutions that shape our lives -- government, the environment, industry, culture and sports -- and pose just as many questions as answers.

1. Housing

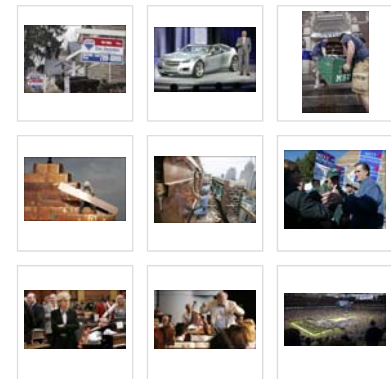
Though it hardly seems imaginable, things may get worse for the first half of 2008 before improving.

The sub-prime mortgage mess is far from over, the credit crunch and mass foreclosures will continue and the National Association of Home Builders contends Metro Detroit's home values may sag much of the year after dropping an average of 9.6 percent in 2007.



Housing: Problems in the housing industry may get worse in 2008 before improving. Besides dealing with the sub-prime mortgage crisis, Metro Detroit's home values may sag much of the year. (Ricardo Thomas / The Detroit News)

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One ripple effect: local counties and municipalities deprived of burgeoning tax rolls likely will be forced to slash budgets and services. They'll learn this month how much revenues will drop because of falling assessments, said Patrick Anderson, founder of Lansing's Anderson Economic Group.

2. Autos

Automakers' march toward a greener future could crystallize this year, especially since they may not have a choice.

Pushed by changing public sentiments and federal mandates requiring fuel efficiency standards to be improved 40 percent by 2020 to 35 mpg on average, Ford Motor Co. and General Motors Corp. will introduce more hybrids this year, while Chrysler LLC introduces its first ones, the Dodge Durango and Chrysler Aspen.

Overall, the vehicle market should dip to about 16 million vehicles in 2008 and hybrids' share should increase to 2.4 percent, or 382,000 units, from 2.2 percent in 2007, said John Tews, director of media relations at J.D. Power and Associates.

3. Higher education

The cost of college education is bound to increase yet again, after four years where the average tuition at Michigan universities shot up 37 percent from 2001-06.

Legislative appropriations will determine just how much prices rise -- and they could determine the future of Central Michigan University's popular CMU Promise that locks in tuition rates for five years for new students. If state aid falls, the program may as well.

4. Jobs

For the eighth straight year, Michigan will lose jobs, primarily manufacturing work, according to five prominent economists.

As many as 51,000 workers' jobs could evaporate in 2008, according to University of Michigan economists Joan Crary, George Fulton and Saul Hymans. The state's unemployment rate could hit 8.2 percent, a level not seen since 1992.

It's not all bad news: Education, health services, tourism and high-tech auto jobs could add jobs -- and the national economy probably will avoid a recession, bolstering hope this is the final year of Michigan's big

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economic pain before a soft turnaround in 2009.

5. Downtown

Downtown Detroit should remain a bright spot in the economic malaise, with a slew of riverfront, condominium and hotel developments.

Quicken Loans should decide whether to move into the former J.L. Hudson's site or the former Statler Hotel site for its corporate headquarters when it moves from Livonia.

More than 1,000 hotel rooms will open this year, when the Greektown Casino Hotel, renovated Westin Book-Cadillac and Fort Shelby Doubletree Guest Suites open.

The riverfront renaissance should continue, as efforts accelerate to complete the five-mile RiverWalk from Belle Isle to the Ambassador Bridge and groundbreakings are planned for luxury condos and homes along the once-polluted waterway.

6. Politics

Get used to those political ads and phone polls. The race for president is sure to heat up in Michigan -- no matter how many top-tier Democrats are avoiding the Jan. 15 primary because of a squabble among party bosses about its pushed-up date.

Some Democrats -- including Illinois Sen. Barack Obama and former North Carolina Sen. John Edwards -- may avoid the state like the plague now, but Michigan and its 17 electoral votes can't be avoided come summer.

"Democrats know they can't win the presidency without carrying Michigan. But winning Michigan might be a lot harder for Democrats if their nominee is a woman (Clinton) or an African American (Obama) given voters' attitudes about minorities at the top of the ticket," pollster Ed Sarpolus said.

Voters in November also may decide a handful of referenda that haven't yet been cleared for the ballot, including making the Legislature part-time, legalizing medical marijuana, implementing universal health care, replacing the income tax and others with a higher sales tax and loosening term limits after they were blamed for the 2007 budget debacle.

7. Great Lakes

With water levels falling far faster than previously feared, conservationists are rushing to protect the Great Lakes Basin Water Resource Compact to protect the waters from diversion to water-starved states in the Southwest.

Once approved by eight states in the lakes' basin and federal government, the pact would give those states final say over diversions. They had better move quick: The 2010 Census is expected to weaken the power of the states by reducing their representation in the U.S. House.

8. State budget

Expect more tumult in Lansing, although not of the magnitude of 2007, because the budget for fiscal year beginning Oct. 1 is at least \$500 million out of whack, according to some estimates.

While the shortfall is far less than last year's \$1.8 billion, the solutions may not be pretty. Gov. Jennifer Granholm has vowed to never again raise taxes, leaving further cuts as the only options.

"The partisan contentiousness over the budget will probably continue to dominate things in the coming year," said Bill Rustem, president of Public Sector Consultants, a nonpartisan public-policy think tank in Lansing.

State finance experts will begin to get a better handle on revenues Jan. 11. Among the possibilities: Serious debate about substantially cutting the inmate population of about 50,000 that taxpayers spend \$2 billion a year to keep locked up.

9. Culture

The Detroit Symphony Orchestra is giddy about Leonard Slatkin's arrival as music director, succeeding Neeme Jarvi.

Few doubt the 63-year-old onetime musical director of the National Symphony in Washington, D.C., is one of America's most distinguished conductors. The question is whether he can turn around a deficit and declining ticket revenues.

DSO officials sure think so.

"Leonard's the dream music director who actually talks about the complete picture -- with sales people and fundraisers," said Anne Parsons, DSO president and executive director.

10. Sports

After an off year in 2007, Detroit is primed again to make a run at claiming the bragging rights for best sports city in America.

Not only are the Red Wings and Pistons poised to make deep playoff runs, but the Tigers -- with a host of All-Star newcomers -- are an early team to beat and March Madness makes a pit stop in Detroit with the NCAA Tournament for regional games at Ford Field in March as a tune-up for a 2009 Final Four.

At summer's end, Tiger Woods will gun for his third straight (and fifth overall) PGA Championship when golf's final major championship comes to Oakland Hills Country Club in Bloomfield Township Aug. 7-10.

Come winter, there's even talk of a Michigan-Michigan State hockey game, as well as a Red Wings game, at Ford Field. That's the home of the Lions. Dare to dream.

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