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## Lansing leaders brace for turmoil

### Local GM workers vulnerable despite new plants

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Area officials and economists expect the Lansing area to be hurt by auto industry turmoil that has led to job cuts at General Motors Corp.

That comes despite being home to two of the newest auto plants in the United States - GM's Lansing Grand River and Lansing Delta Township plants.

The Detroit automaker said Friday it would temporarily idle up to 700 workers and reduce production at those plants as part of a plan to cut 3,600 jobs and stem mounting losses.

"There's no way for the Lansing area to avoid the negative effects of further reduction to the automobile industry, in particular the danger that General Motors may be forced into severe cutbacks," said Patrick Anderson, president of East Lansing-based Anderson Economic Group, which has studied the impact of a merger or collapse of one of the three big Detroit-area automakers on the economy.

GM's news came on top of an announcement the U.S. jobless rate rose to a 14-year high of 6.5 percent in October. That was up from 6.1 percent in September.

"We know we're going into a very, very challenging period," Gov. Jennifer Granholm said Friday during a conference call.

Granholm is likely to issue cuts to the state budget by the end of the year. She said she hopes President-elect Barack Obama will send federal aid to states to ease such cuts.

Michigan's jobless rate, which stood at 8.7 percent in September, could top 9 percent as the national economy worsens, Michigan State University economics professor Charles Ballard said.

The Lansing area's unemployment rate often follows trends of the state rate, although it's generally lower.

Despite GM's local cuts and the ongoing industry struggles, Lansing Mayor Virg Bernero was hopeful.

"I don't think these problems are unique to General Motors. I don't think this is a statement about the health of GM," Bernero said. "This is a statement about the economy. General Motors, at this point, has no choice, given the market.

"My hope is Lansing, Michigan, will be among the first out of this economic trouble."

Parts of the region already were feeling the impact from GM's downsizing. Lansing Township, which was home to GM's Craft Centre and Lansing Metal Center plants, has been feeling the pinch from the

demolition of those old plants. GM also shuttered and razed its Lansing Assembly Plant in the city.

Supervisor John Daher said he expects Lansing Township to lose \$500,000 in property tax revenue by 2010.

"This is just more devastating news for the entire community," he said of Friday's layoff announcements. "That's just terrible, terrible news. We're all looking for the bottom, but I guess it's not here yet."

But the community would be in a worse position had GM not built its Lansing Grand River and Lansing Delta Township plants, said David Hollister, former Lansing mayor and president and chief executive officer of the Prima Civitas Foundation, an economic development organization with ties to Michigan State University.

"We would have no GM presence at this time," he said. "If the operation hadn't been phased out before, this crisis would have completely closed those old, inefficient plants."

Hollister said those GM manufacturing jobs play a key role in the local economy. Some economists estimate for every highly paid, advanced manufacturing job, five other jobs are created in the community.

He's concerned too few people realize auto manufacturing's importance. Hollister is among the supporters of a federal loan program to boost U.S. automakers.

"I would hope that people would take a deep breath and look at saving Main Street as well as Wall Street," Hollister said. "And auto manufacturing is Main Street."

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