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THE FINAL WORD

Michigan loses jobs; rate worst in nation

Analysts say the state is losing ground as another 15,000 positions are cut.

By Louis Aguilar
The Detroit News

Michigan's jobless rate climbed to 7.3 percent in December, a new high for the year that could leave the

you become less of a person." Michigan officials pointed to some encouraging signs, particularly the annual average jobless rate of 6.8 percent, which declined for the first time since

percent and climbed for the last three months of the year.

"Michigan is at an economic crossroads," said Michael LaFaive, director of fiscal policy at the Mackinac Center for Public Policy, a Midland-based think tank.

"We are having net negative job growth in the state while the rest of the nation is adding jobs. The question that we must all ask ourselves is whether we want to remain the laggards of American enterprise or bring back the robust growth that state politicians continue to say is going to happen, but hasn't come true yet."

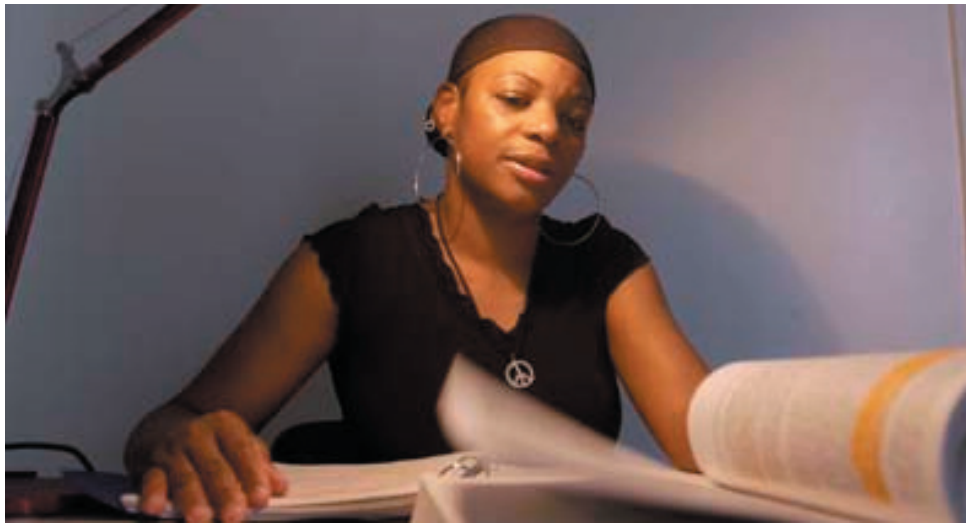
The job losses for the year came from several areas. Payroll jobs in Michigan fell by 47,000 or 1.1 percent. Tourism- and leisure-related jobs fell by 2,000.

Many say that marginal costs for business have crept up in the past few years and that the state's efforts to reduce taxes during the mid-to-late 1990s has been halted by state politicians. Mackinac Center's LaFaive said much manufacturing work has been lost to "right-to-work" states, which allow workers to choose whether to join a union.

The state gained 4,000 manufacturing jobs due to workers recalled from short-term layoffs.

But overall, the loss of manufacturing jobs has been staggering. In December, the number of manufacturing jobs amounted to 700,000 – down from 910,000 five years ago and 717,000 one year ago.

In July, Pete Noel became one of the thousands of Michigan factory workers who lost work to overseas competition. Noel was turned out of his machinist job of 36 years when the Keeler Die Cast. Co. plant in Grand Rapids closed, its work



Elizabeth Conley / The Detroit News

Tammy Brooks of Detroit shows the books she has to study for the state Realtor's exam. Brooks lost her sales job in July and received her last unemployment check two weeks ago.

state with the worst unemployment rate in the nation.

More than 369,000 state residents were out of work in December, reducing the number of people working in Michigan to a 2004 low of 4.6 million.

Michigan lost 15,000 non-farm payroll jobs in the month, due largely to losses in retail, education and health services.

In recent months, Michigan's unemployment rate was third highest behind Oregon and Alaska. But Oregon's jobless rate fell to 6.8 in December; Alaska hasn't reported December results.

"Being out of work is just humiliating," said Detroit's Tammy Brooks, who lost her sales job in July. "It's tough on the soul. It's like

2000. But economists say the state is losing ground.

"We have a serious systemic problem in the state of Michigan," said Patrick Anderson of Lansing's Anderson Economic Group.

"We can't just blame the manufacturing industry, or the automakers," Anderson said.

"We have a widespread problem that points to the overall business climate. We need to do well when it's good times. What alarms me now, is the nation is enjoying relatively good times and we are still suffering."

The national jobless rate dipped slightly throughout 2004 and ended with a 5.4 percent jobless rate in December, while Michigan's jobless rate started high at 6.6

transferred to China.

"The only offers I get are \$8 an hour with no benefits," said Noel, who was among 120 who lost their jobs when Keeler closed.

In April, welder Jim Downey lost his job making trailer hitches at the Veltri Metal Products plant in New Baltimore after the company filed for Chapter 11 bankruptcy protection.

Now potential employers tell him he's no longer qualified for the job he held for more than two decades.

"The job I used to do, now they suddenly want a college degree," Downey said.

In September, Downey became a part-time custodian at Warren public schools. Former factory workers are the least likely of all workers to find new full-time jobs. A third of them will eventually accept work for lower pay, often 20 percent less with reduced benefits, according to the U.S. Bureau of Labor Statistics.

Economists say there may be more job losses on the horizon. General Motors Corp. and Ford Motor Co. said additional production cuts are slated for the first quarter of this year. Those actions could be a further drag on employment figures in the months ahead.

In July, Tammy Brooks became one the 13,000 Michiganders who lost retail jobs in 2004. During September, the loss of retail positions outstripped even the number of vanishing manufacturing jobs in the state. That's partly the result of the growing dominance of "category killers" such as Wal-Mart, Target and Best Buy, that have eliminated smaller chains and stores. But many independent retailers are reluctant to hire because of Michigan's slow population

growth and sluggish economy.

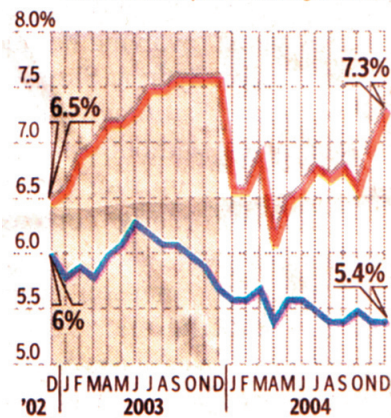
Two weeks ago Brooks' monthly unemployment benefits ran out. This week, she called her mortgage company to explain that she can't pay all of her monthly note.

She is studying for the state's

Unemployment rate

(Seasonally adjusted)

Michigan, 2004 average: 6.8%
United States, 2004 average: 5.4%



Sources: Bureau of Labor Statistics,
Michigan Department of Labor &
Economic Growth

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Realtor exam.

Liz Boyd, spokeswoman for Gov. Jennifer Granholm, said Michigan's jobless rate is traditionally higher than the national rate.

"For 21 of the past 28 years, Michigan's unemployment rate has been higher than the national rate. I know everyone likes to the point to the Clinton boom times when we had one of the lowest jobless rates in the nation.

"But," she concluded, "we aren't in Clinton boom times."

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