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Michigan Chief Finds Economy Is the Only Issue

By MONICA DAVEY and SUSAN SAULNY

LANSING, Mich. — This is what a day looks like for Jennifer M. Granholm, the governor of Michigan, the state that sits, miserably, at the leading edge of the nation's economic crisis.

Morning: Rev up government workers and ministers at a huge conference in Detroit to cope with expanding signs of poverty. Afternoon: Tell a room crushed with reporters here, in the state capital, why a federal bailout is essential for the Big Three automakers, who are also, of course, residents of her state. Evening: Pack for Israel and Jordan, where Ms. Granholm hopes to persuade companies that work with wireless electricity, solar energy and electric cars to bring their jobs to Michigan.

Whatever else Ms. Granholm, a Democrat in her second term, might once have dreamed of tackling as a governor (she barely seems to recall other realms of aspiration now), the economy is nearly all she has found herself thinking about, talking about, fighting about over the last six years. And Michigan, which has been hemorrhaging jobs since before 2001 and was once mainly derided in the rest of the nation as a "single-state recession," now looks like an ominous sketch of just how bad things may get.

"This has been six straight

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years of jobs, jobs, jobs," Ms. Granholm said, punctuating the word with three somber claps at her office table. Despite scathing critiques from some here who say she has failed to turn around Michigan's woes, Ms. Granholm said in an interview that she still believed that her efforts to remake the state's economy — in part by luring jobs that make something other than cars — would eventually overcome the steady stream of vanishing jobs.

"We were hoping it was going to be in 2009 where we'd see the balance tip, but with this financial meltdown and the challenges now in the auto industry obviously, I'm not sure whether that's going to happen," she said. "Probably not. But we're going to still hammer away at it."

She finds herself in the national spotlight more than ever. She is loudly pushing for the auto industry rescue while Michigan's

Will Congress provide \$25 billion in emergency aid to Detroit automakers?

Congressional delegation works votes on Capitol Hill. President-elect Barack Obama has put her on his transition economic advisory board (an appointment her strongest critics here deride as ludicrous, akin to putting a tobacco executive on a health board).

Ms. Granholm, who played Sarah Palin in Senator Joseph R. Biden Jr.'s warm-ups for the vice-presidential debate and who is barred by term limits from seeking re-election in 2010, has been mentioned as someone Mr. Obama may appoint to his cabinet. It is a notion Ms. Granholm — long a Bush administration critic for what she describes as inconsistent enforcement of trade pacts

Monica Davey reported from Lansing, and Susan Saulny from Detroit.

and a lack of manufacturing policy — gently dismisses: "I really want to be governor when I have a partner in the White House."

Her critics seem dismayed by the speculation. They blame her and the state's business regulations and taxes, at least partly, for Michigan's long list of dismal rankings among the states (No. 2 in unemployment; No. 5 in foreclosure starts; No. 51, including the District of Columbia, in attracting new residents). The governor's approval ratings dropped to slightly less than 50 percent favorable last month from a high of near 70 percent in 2003.

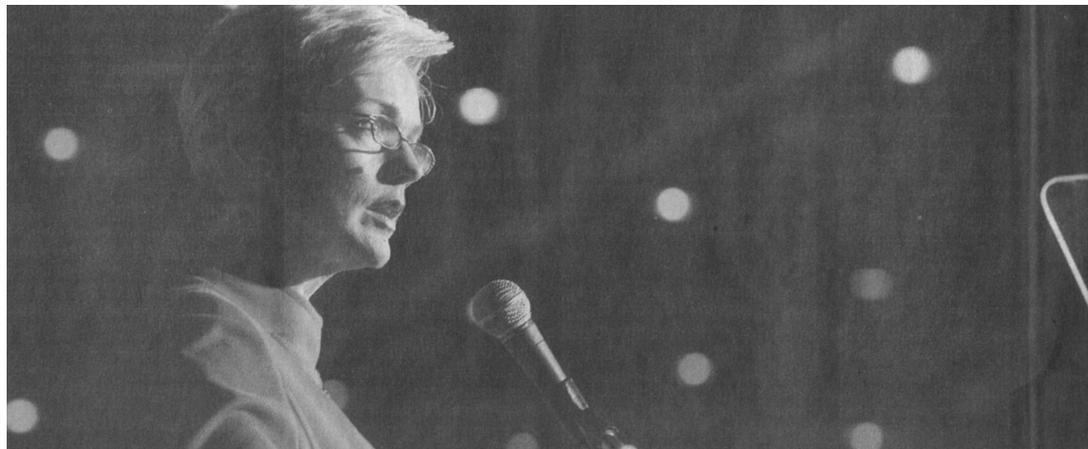
"I fear if she has the president's ear," said Michael D. LaFaive, director of fiscal policy at the Mackinac Center for Public Policy, a research group in Midland, Mich., that advocates a free market. "There's a reason people are fleeing the state, and it has much to do with the bad public policies this state has embraced over the last 6 to 12 years."

But Ms. Granholm's supporters say she has done all she could, given gloomy times brought on long before she arrived by monumental changes in the nation's manufacturing, and, most of all, in the auto industry. As Ms. Granholm sees it, the state has responded by revamping just about everything — taxes, education, even the sorts of businesses it is seeking.

In her constant courting of companies in the United States and overseas, Ms. Granholm said she had focused on bringing home businesses that work with alternative energy (like wind turbines), domestic security (a field auto suppliers might easily move into), advanced manufacturing (like robotics) and life sciences.

The state has recently enacted a tougher, college-preparatory-style curriculum in its high schools. Its "No Worker Left Behind" retraining program depends on what jobs local employers say they actually need to fill. And this year, it began offering incentives to moviemakers in the hopes of building a "creative economy," a concept, Ms. Granholm says, "we haven't necessarily had since Motown days."

In all of this, her efforts have brought more than 120,800 new



FABRIZIO COSTANTINI FOR THE NEW YORK TIMES

Gov. Jennifer M. Granholm of Michigan, speaking Thursday at the Voices for Action 2008 Poverty Summit in Detroit.

Jennifer M. Granholm

ELECTED GOVERNOR In 2002; re-elected in 2006

AGE 49

PLACE OF BIRTH Vancouver, British Columbia

EDUCATION University of California, Berkeley, and Harvard Law School

PAST JOBS Clerk for Judge Damon J. Keith on the United States Court of Appeals for the Sixth Circuit; federal prosecutor in Detroit; Wayne County corporation counsel; Michigan attorney general

FAMILY Married, with three children

jobs to the state since she took office in 2003, her office says. (Her staff noted those "direct" jobs were estimated to have brought two to three times as many new "indirect" jobs that cropped up around the others, and said state efforts had helped "retain" 233,000 jobs from companies that had hinted of leaving Michigan.)

Still, net losses since mid-2000 (and just for manufacturing jobs, since 1999) swamp the picture.

Since June 2000, the state's net job loss was more than 500,000; since Ms. Granholm took office, the net loss was 281,500.

"Sometimes leadership is planting trees under whose shade you'll never sit," she said. "It may not happen fully till after I'm gone. But I know that the steps we're taking are the right steps."

Jennifer Mulhern Granholm (she took the last name of her husband, Daniel, as her middle name and he did the same with her last name), 49, was born in Vancouver, British Columbia. She briefly considered an acting career and was once a contestant on "The Dating Game," and graduated from University of California, Berkeley, and Harvard Law School. Eventually, she moved to Michigan. A former prosecutor, she was elected Michigan's attorney general in 1998, then became the state's first woman to be elected governor four years later. She has three children.

Even her critics praise Ms. Granholm's political skills, her engaging speaking style, her ability to make even her most vocal opponents in the Legislature admit that they like her. But they say she started off as a nearly untested policy maker trying to solve an economic problem that would have challenged someone

ONLINE: MICHIGAN'S LEADER

Audio excerpts from an interview with Gov. Jennifer M. Granholm: nytimes.com/national

with far more experience.

"I think she's a good politician, but at the same time, she's not necessarily a great decision maker," said Saul Anuzis, the state Republican Party chairman.

But Mark Schauer, the State Senate's Democratic leader who was elected this month to Congress, pointed to a "hostile" Legislature — both chambers were controlled by Republicans until 2006 (and the Senate still is) — for a "lack of urgency" despite Ms. Granholm's "focus and tenacity" on the economy.

In 2007, a contentious standoff over how to solve a more than \$1.5 billion deficit in the state budget dragged on for months, finally ending in the face of a government shutdown and with tax increases — deeply difficult, Ms. Granholm said, but unavoidable.

This year, there were more distractions: For months, a scandal enveloped Kwame M. Kilpatrick, then the mayor of Detroit. Eventually, as Ms. Granholm began proceedings to determine if he should be removed, Mr. Kilpat-

rick resigned and pleaded guilty to felony charges — but not, she said, before more economic damage had been done, with conventions canceled and businesses not wanting to move to Detroit. "One crisis at a time," she said in the interview.

For now, all eyes here are on whether Congress will provide \$25 billion in emergency aid to the automakers, and whether lawmakers will do it soon enough, before some industry experts fear one of the Big Three may collapse. The mere possibility makes Ms. Granholm wince. The likely result, she said, would be catastrophic on residents, so many of whom work in the industry and all its offshoots.

"It would be such a huge strain on our safety net," she said. "It would be of double Katrina-like proportions. We would absolutely need assistance."

But she said she felt confident that the aid would be granted. Still, she said, Michigan is a cautionary tale against putting a state's entire hopes in a single industry.

"Now, we love our auto industry," she said. "But if we had worked harder on diversifying this economy long ago, then if one of the legs of the stool starts to get wobbly, at least you've got three other legs to stand on."