

The Washington Post

In Michigan, A Yellow Light For Green Jobs

Some Question Focus of Ailing State's Governor

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Tuesday, October 6, 2009

LANSING, Mich. -- If the future of American manufacturing lies in green industries, the Michigan governor's pursuit of jobs offers a cautionary tale.

Four years ago, Jennifer M. Granholm set out to remake her state, which took an exceptional wallop with the decline of the auto industry, as a pioneer in creating environmentally friendly jobs. Today, however, jobs are still disappearing much faster than she can create them, raising questions about how long it will take Michigan and other hard-hit states to find new industries to employ their workers.

Since taking office in 2003, Granholm has created 163,300 positions, her office says. She expects that a recent infusion of more than \$1 billion from the Obama administration aimed at nurturing car battery and electric-vehicle projects will generate 40,000 more positions by 2020.

In the past decade, however, as the auto industry has grown smaller, Michigan has lost 870,000 jobs -- about 632,000 of them during Granholm's tenure. The number is expected to reach 1 million by late next year, the end of her term.

In her effort to attract employers, the

governor has taken up the latest arms in the economic arsenal -- tax credits, loans, Super Bowl tickets and a willingness to travel as far as Japan for a weekend to try to persuade an auto parts company to bring more jobs to Michigan. She has won solar and wind energy, electric car batteries, and movie production jobs. About 10,800 of the new positions came from overseas companies, according to her office, the fruits of visits to seven countries.

"We have great bones as a state," she says. "We know how to build stuff. We will build on that strength and diversify this economy. We will lead the nation in creating jobs in renewable energy. We're not going to be viewed as Luddites."

In a state hit so hard by the recession, though, securing every new job has required enormous effort: mobilizing the state

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bureaucracy, negotiating tax deals with a politically divided legislature, dispelling impressions that Michigan is a pro-union state and inhospitable to business.

Supporters and detractors alike call the 5-foot-7-inch blonde "Jenny the cheerleader" because of her relentless optimism. She prefers zealot. Those qualities were severely tested three years ago when appliance maker Electrolux closed its century-old refrigerator plant in Greenville, 160 miles northwest of Detroit, and moved to Mexico, taking 3,000 jobs from the town of 8,000.

As Granholm told the story in her office, overlooking the state Capitol, tears welled up in her eyes. She had spent months calling, e-mailing and meeting with city and state officials trying to sway the company to take a package worth about \$70 million in tax breaks to stay in Michigan. Electrolux left anyway.

Granholm visited with workers at an orchard near the plant within days of the last refrigerators coming off the assembly line, and the employees ate a "last supper" of boxed lunches while a band played. Her staff had scheduled 45 minutes. She stayed three hours, listening to workers' stories.

"I went to say, 'I'm sorry,' " Granholm said. "We couldn't save it. I can't even say it now. I stayed until the last guy left."

A 48-year-old man with tattoos and a

ponytail, who had worked at the plant since high school, described how his grandfather and father had worked there, too.

"He told me, 'I don't know anything else. Who is going to hire me?' " the governor recalled.

Granholm remembered coming home and telling her husband, "I just don't know what to do for people."

A \$37 million tax package helped persuade Michigan-based United Solar Ovonic -- she wooed the chairman with a trip to the 2006 Super Bowl in Detroit -- to build a solar panel production plant on the Electrolux property instead of pursuing a South Carolina offer. To retrain workers, she secured money from the legislature and later developed "No Worker Left Behind." With new skills and a new plant, the people of Greenville would have new opportunities.

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Except, she discovered from a workforce training agency, only about 20 percent of the 400 jobs at the new plant, which opened in 2007, went to former Electrolux workers. Many simply didn't have the skills; some were fearful about their ability to learn.

"You had people who were testing in at sixth-grade math," she said, "when they'd gotten awards as line workers."

Granholm had a community college and a state workforce training agency set up a separate program so they wouldn't feel humiliated beside more skilled students.

"It was taking one step forward and then one step back, and then two steps forward," she said. "We still didn't get the numbers we wanted to get."

Residents remember the time and effort invested in seeking to preserve the Electrolux jobs.

"She put everything she had into trying to save that little town," said Dick Long, a former national political director for the United Auto Workers union. "I've never seen somebody work so hard and get so frustrated in trying to save them. She just didn't give up. But in the end, we lost them."

Although Granholm's critics admire her determination and concede that creating jobs and transforming the economy are long-term goals, they say that she has not

done enough to streamline state government and regulations and that she is too enamored of alternative-energy jobs, which they say represent a relatively small number of positions.

Genesee County Treasurer Daniel T. Kildee, like Granholm a Democrat, said she is "too concerned about finding consensus with the legislature and interest groups."

He worries that the focus on green-energy jobs detracts from fixing problems such as those facing schools and municipal governments. "The green economy is not going to replace jobs of an industrial era," he said. "It is an important part of the new economy. But it is not the next GM."

Granholm says she is trying to diversify the economy, going after defense-related firms, robotics and life sciences along with green jobs.

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State Senate Majority Leader Michael Bishop (R) says Granholm has been remiss in not reshaping Michigan's business tax.

The state, he said, needs to change its image and "create an environment where taxes are low, labor costs are low, and not send so many negative vibes."

Granholm's office said that she has offered business tax proposals but that she has met opposition from the legislature and some business leaders.

Michigan felt the recession first and hardest. The state ranks fifth in foreclosures and last in attracting new residents. Nearly 20 percent of its citizens are on Medicaid. As the auto industry has shrunk, so has tax revenue. The state government technically shut down for nearly two hours early Thursday over a budget crisis, and the legislature and governor are still tussling over how to resolve a projected \$2.8 billion deficit. Underlying all of the grim statistics is the loss of jobs. Michigan has had the nation's highest unemployment rate -- now 15.2 percent -- for most of the past three years.

"This is not a time for wimps," Granholm says to her two dozen cabinet members one recent morning. "The message is to continue to play offense -- go get jobs."

Granholm's résumé is well known in her state: Michigan's first female attorney

general and governor; mentioned as U.S. Supreme Court candidate; graduated summa cum laude from the University of California at Berkeley, Harvard Law School, beauty queen, mother of three. The 50-year-old is a native of Canada who settled in Detroit in the mid-1980s after marrying a Michigan man; she was a federal prosecutor there for four years.

Her quick focus pleases businessmen such as David Hardee, top executive of California-based Clairvoyant Energy, who encountered Granholm at a meeting after spending three months negotiating with her economic development officials over a green-energy development.

"We were on the third slide and she politely interrupted and said, 'I get it. What do you need? I'm here,' " Hardee said.

With a tax incentive package worth more than \$100 million, Michigan beat out

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Arkansas, Missouri and Oklahoma, as well as Spain, in getting Hardee's company and two other alternative-energy firms -- one from Texas and one from Switzerland -- to take a factory that once made the Lincoln Continental and Ford Thunderbird about 40 miles northwest of Detroit in Wixom and turn it into a solar panel and battery storage pack manufacturer employing 4,000 workers.

In the spring of 2008, Granholm returned to Greenville to tour the United Solar plant that replaced the Electrolux factory.

"They had product orders all the way out until June 2009 back then," said Greenville Mayor Ken Snow. "But the global economy shifted. That left them with more product than orders that need to be filled."

Since March, United Solar has been feeling the downturn, and so have the workers in those hard-won positions. Some have been furloughed for six days each month.

There are no easy victories in the fight for jobs.

"You can't give up," Granholm says. "You gotta keep moving."

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