

A powerful force: Michigan should build its economy on the strength of auto workers, experts advise

By Olivia Pulsinelli | Business Review West...

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AP File Photo

Workers assemble Ford Focuses as they roll down the assembly line at Ford's Wayne Stamping and Assembly plant in Wayne, Michigan.

Whether existing skills applied to appropriate industries or new skills learned for other industries, the skill set of Michigan's displaced auto workers could be an important asset for Michigan.

Last month, the U.S. Department of Labor awarded a **\$4 million grant** to Michigan, Indiana and Ohio to study the auto industry and displaced auto workers. The study will focus on the needs of the new auto industry, including skills and training, and the training needed to transition displaced auto workers into other sectors, particularly those in the "green economy."



Erickcek

However, George Erickcek hopes the state will look to align the skills of displaced auto workers with other industries in addition to green jobs.

"What I think we're slowly understanding is that this state was built for autos — it's a huge sector — and that it will not be replaced by one or two or three other industries," said Erickcek, senior regional analyst at the **W.E. Upjohn Institute for Employment Research**. "It's going to have to be replaced by a whole bunch of industries, all growing based on the assets of the state."

Michigan should be evaluating the skills of our current work force and using that information to build an economic development strategy, Erickcek said.

"It would be better for economic developers statewide just to become very aware of the richness of the skills of these individuals, displaced workers, who have been working many, many years in auto-related activities that really can contribute to other industries," Erickcek said.

Candice Elders, director of community relations for **Michigan Works Berrien-Cass-Van Buren**, agrees that the more the state knows about its labor pool, the better it and organizations like hers can plan.

"Just from an economic development standpoint, we know the availability of a skilled labor force is a company's No. 1 factor when deciding where to relocate, if they're relocating," she said.

Erickcek believes there is a vast array of possible industries for former auto workers.

Although Erickcek does not like to try to predict “winning” industries, one area he’s pretty confident will see growth is health care. However, transitioning displaced auto workers into health care does pose challenges.

“Health care does require social skills that are not cultivated in a manufacturing environment,” Erickcek said. “So we do know that one of the challenges facing displaced auto workers is moving from an environment where they’re working with machines to working with people.”

Medical-device manufacturing or pharmaceutical production, however, might be a more logical transition, Erickcek said. Not only are there many manufacturing opportunities under the umbrella of health care, there are other industries serving the health care industry that might be conducive to displaced workers.

“Furniture companies that have developed a niche in health care are doing very well,” Erickcek said. “So these are, again, activities we should consider in our portfolio of alternative activities that can provide employment for displaced workers.”

Another area of manufacturing that’s a viable option for displaced workers is food production, which has been adding jobs in West Michigan for a couple years, Erickcek said.

The region should try to take advantage of that trend and the state’s strong agricultural base instead of shipping Michigan produce somewhere else for processing, he said.

In the current economy, the strategy of playing to the strengths of Michigan’s work force and trying to attract complementary businesses has another benefit, Erickcek said. Whereas in a better housing market he believes a good strategy for people to find the best employment is to move, most people need to stay put these days.

“Not only can we not sell our house, but if we can’t sell our house, we can’t buy another house,” he said. “So I would argue not only are people always difficult to move, but now the difficulty is even greater.”

However, even if many displaced auto workers can be transitioned into existing industries that fit their skill set or retrain for another industry, they likely will face other obstacles.

“Unfortunately, one of the biggest problems will be the wage structure — these individuals likely will not be able to find work that pays as well as before,” Erickcek said.

That will be a hardship for the individuals, and it will have a negative multiplier throughout the state, he said.

The **University of Michigan economic forecast** released in November reinforced the decline of high-paying jobs available in the state.

The forecast estimates Michigan’s per capita personal income will be 40th in the U.S. next year, down from 20th in 2001. Between 2001 and 2008, high-wage, private-sector jobs requiring a bachelor’s degree grew 3.3 percent nationwide. Michigan, however, experienced a loss of 8.2 percent of high-wage jobs requiring a college degree.

In Michigan, high-wage, low-education jobs requiring a high school diploma or less declined 28 percent in that time frame, a loss of 102,000 jobs.

However, most of the current and future jobs in the state will require a basic level of academic skills, whether companies relocate to Michigan, diversify into new fields or just keep up with advancing technology, Elders said. She notes that the recent report, **Michigan’s Forgotten Middle-Skill Jobs**, found that 46 percent of openings filled between 2006 and 2016 will likely require more than a high school diploma but less than a four-year degree.

“We really need to bolster our skill sets in order to stay competitive and in order for our businesses to stay healthy,” Elders said.

Retraining in basic skills is a major goal of Michigan Works. Although the educational-attainment level of the organization’s job-seeker population typically is on par with the population in general, many of the displaced auto workers haven’t had a chance to refresh their skills, which is critical, Elders said.

“We’re trying to develop a continuum of lifelong learning,” Elders said. “So even if a job seeker has a bachelor’s degree, they may not have had training with the latest technology in their field.”

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