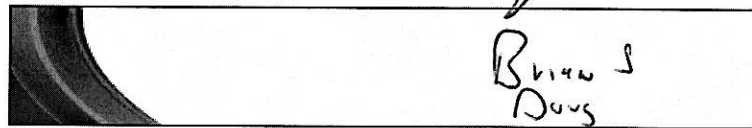


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Thursday, August 18, 2005

# Jobs skid: No end in sight

## Michigan's unemployment rate rises to 7% in July, and economists predict an even bleaker future.

By Louis Aguilar / The Detroit News

Michigan's job picture worsened in July and a wave of expected layoffs throughout the auto industry and other sectors could mean things will get worse before they get better.

As most of the nation saw strong job growth, Michigan's unemployment rate climbed to 7 percent in July from 6.8 percent in June. The nation's jobless rate is 5 percent.

"Overall, it looks like a real struggle here for a while," said Dana Johnson, chief economist for Comerica Inc.

The July numbers are a snapshot that doesn't fully reflect the storm clouds hovering over Michigan's economy.

Major auto companies including General Motors Corp. and Ford Motor Co. plan to cut thousands of jobs in the coming months and years, and possibly close local plants.

By the end of the summer, GM will have shuttered a plant in Lansing, and other plants may be vulnerable. Ford's Wixom plant appears likely to close after 2007, industry analysts say.

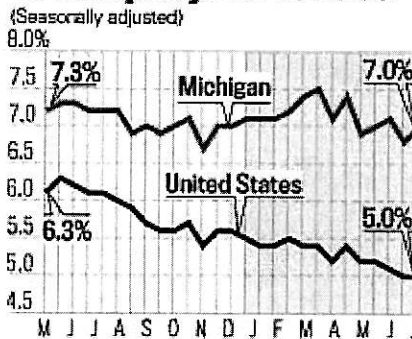
The world's largest auto supplier, Troy-based Delphi Corp. is threatening bankruptcy, and rival Visteon Corp. in Van Buren Township is preparing to shed 24 plants and thousands of jobs.

Delphi has 14,700 workers, and Visteon employs 6,000 salaried workers and thousands of hourly workers.

Kmart is moving its headquarters to Illinois due to its merger with Sears Roebuck Co., which means the loss of nearly 2,000 jobs in Troy. And Farmer Jack has only closed six of its planned dozen store closures in Michigan.

"Look at the data: There is no turnaround. There is no other major growth in other sectors that can offset the losses," or the impact of more layoffs, said Lansing-based economist Patrick Anderson.

### Unemployment rate



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

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Comerica's Johnson said layoffs by automakers aren't anything new to the state. But the potential for large job losses in other industries could compound the state's problems.

In July, seasonal layoffs in the auto industry due to factory shutdowns in July resulted in 10,000 fewer manufacturing jobs compared to June, according to the Michigan Department of Labor & Economic Growth. There was also a loss of 6,000 jobs in the trade, transportation and utilities sector, which includes retail jobs. Overall, the state lost 17,000 jobs in July compared to June.

The most substantial job growth in July came with an 8,000-job increase in professional and business services.

The number of education and health service jobs increased by about 2,000 from June to July.

The education and health services sector has shown the most improvement since July 2004, adding an estimated 8,000 jobs.

"The only sliver of a silver lining is that the tourism industry has held its own," said Anderson. Tourism jobs have held steady from a year ago July, showing a 1,000 job gain.

Many Michigan workers talk of trying to survive an economy where joblessness and underemployment have become pervasive.

"It's like trying to balance everything on a string," Sara Lopez, 33, of Taylor, said Wednesday. Since losing her eight-year job at Frank's Nursery & Crafts last summer when the Troy-based retailer went bankrupt, she's been scraping by with part-time jobs.

She's working at two fast-food chains near the Detroit Metropolitan Airport, which often results in a 12-hour day. On Tuesday, her day started at 5 a.m. for a morning shift at one eatery, and an afternoon shift at the other chain began at 1 p.m. Between the shifts, she often parks her 10-year-old minivan in an empty parking lot of a closed hotel and sleeps.

"My kids need school supplies," she said, explaining her long hours.

Her husband, Danny, has worked in construction this summer ever since losing his forklift job at an Ecorse trucking company in November.

Their fluid jobs are turning ordinary decisions into family dilemmas. "My 14-year-old wants to play football for his high school this year, and, you know, that's a hard choice," Lopez said. "If he really gets hurt, that could ruin us, because we ain't got no health insurance. How (do) you explain something like that (to a child)?"

Shalamayne Humphrey of Hazel Park says many companies and others are starting to prey on the jobless. She says she spent 10 months at a vocational school with the promise of a health care job after completing her training. That was a year ago and still no job.

"All I got was debt" Humphrey, 27, said recently as she waited outside the Michigan Works! office, a work force development agency in Southgate.

"I doubt anyone in my class got a job. People will believe anything right now if they think they can get a good job."

Metro Detroit has had one of the highest jobless rates of any major urban area in the nation for the past 15 months. In July, the region's jobless rate was 7.4 percent, according to the state.

Nationally, the largest expansion of payrolls in three months meant 207,000 jobs were created and held the unemployment rate steady at 5

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percent for the second consecutive month.

The increase in payroll jobs reflected hiring across a range of industries. Retailing, education and health services, financial activities and construction all expanded employment.

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