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Michigan is at a crossroads in economic collapse

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If you want to know what's ahead, ask someone who has been on the same track. And if the answer is a train wreck, change course.

Michigan is running low on time to do that, but it's not too late if people, especially those in leadership, can focus on the future even as they struggle to manage the present. Otherwise, brace for bad times getting worse with no upturn on the horizon for a decade or longer.

That is the scenario offered by Jon Gabrielsen, a 52-year-old Michigan expatriate who has made his living in Atlanta for the past decade as an economic analyst. For reasons professional and personal ("When the soil my roots are so deeply planted in is injured, I feel the pain"), he invested about 18 months studying the outcomes of economic collapses similar to what Michigan is going through, with its core industry shrinking and retrenching.

Gabrielsen, who has a master's degree in business administration from the University of Michigan and reads freep.com every day to keep in touch, sees southeast Michigan in particular chugging the way of the Pittsburgh, Cleveland and Youngstown-Warren, Ohio, areas when domestic steel collapsed in the late 1970s. Or Peoria, Ill., as Caterpillar cut its workforce in half in the early '80s. Except that we are steaming into an even darker, longer tunnel.

Despite unemployment of 15%, we have not yet hit what economists call the "bottom of the trough," which could be a 20% jobless rate late this year or early next. And we've been artificially cushioned, Gabrielsen points out, by severance and buyout packages that have kept personal income numbers higher than they would be if just salaries and wages were counted.

"On average, the depth that employment has already fallen in southeast Michigan is 1.5 times that of the three steel towns and Peoria," Gabrielsen said. "But income has only fallen half as much as employment. ... The magnitude of these payments is delaying the full economic impact of the employment loss."

Consequently, "the pain you are feeling today is really based on the employment level of three years ago," he said. "The pain to come will only be increasingly felt over the next three years. And if employment falls further ..."

Enough gloom and doom. How soon before we move from contraction to growth? Well, Pittsburgh took six years from the bottom to surpass its prior peak levels of employment and income. Cleveland took seven, Peoria, a decade and Youngstown-Warren is still coming up short 20 years later.

Gabrielsen sees Michigan "moving sideways for many years" in terms of growth, even as the national economy recovers, because of the deep impact of the auto industry cuts.

But does this have to be inevitable? No, it seems to me, when there are similar situations from which Michigan could be learning. What did Cleveland or Pittsburgh do right? Do wrong? Is there a bold step their leaders failed to take that might be an option for Michigan? What can we make happen?

Or do we just wait for things to happen to us -- which, in Gabrielsen's scenario, also means a significant population drop about five years after personal income declines?

Let's not delude ourselves about things going back to what they were. Let's build a different track, perhaps as a smaller, smarter, healthier place with lots of water that has learned to put its eggs in many smaller baskets.

"My motivation is to get people to look, think and act," said Gabrielsen. "I'm the kind of person who, when I know something that I think should be known, I want people to know it."

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