

More Than Just Auto Jobs in Danger in Detroit

By **SARAH E. NEEDLEMAN**

Should any one of Detroit's Big Three collapse in the near future – or cut back even more drastically – scores of workers throughout the nation could become victims of a ripple effect and end up jobless.

Within a year's time, roughly 2.5 million jobs throughout the U.S. would likely be cut if just one of the nation's three largest auto manufacturers fail in 2009, according to a report released earlier this month from the Center for Automotive Research, a nonprofit trade group. The majority – or an estimated 1.4 million jobs – would be positions at companies unrelated to the automotive industry and not positions at GM, Chrysler, Ford or even their direct and indirect suppliers. These would include both blue collar and white collar jobs at restaurants, real-estate firms, public schools and more, suggesting that the impact would be widespread.

Though the ruin of even one major automotive company would indeed result in a wide range of job losses nationwide, the Detroit area's economy would likely be hit the hardest and quickest, says Greg Saltzman, a labor researcher at the University of Michigan and professor of economics and management at Albion College in Albion, Mich. "There would be a regional macroeconomic impact," he explains. "If you were working in a haircutting salon in southeastern Michigan, you would find fewer customers. It would affect public employees ... because tax revenue would go down... Teachers would find there's less government tax revenue to support the public schools."

On a nationwide scale, jobs at companies that supply major parts – like axles and radiators – would likely be first on the chopping block, says John Revitte, professor of labor relations at Michigan State University in East Lansing, Mich. These would include employers like Visteon Corp., already-ailing Delphi Corp. and American Axle & Manufacturing Holdings Inc. "If we look back at last spring's short strikes, it didn't take very long before part suppliers started to lay people off," he says. Positions eliminated might range from factory laborers and managers to engineers and administrators. "It's certainly not just the UAW covered folks," says Mr. Revitte, referring the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America.

Jobs at companies that supply parts to the top-tier suppliers would likely disappear as well, says Rick Slayton, president of executive-search firm Slayton Search Partners. For example, he points to companies that supply fabric to companies that design car seats. "Plants ... that are supplying materials to the Detroit Three will likely be shut down," he says.

Meanwhile, car retailers are also poised to suffer, says Mr. Slayton. Already many of these businesses are struggling to get enough capital to finance their showrooms, he adds. "All of their employees are going to be severely affected," he warns.

Overall, Mr. Saltzman says the demise of any of the nation's three largest automobile manufacturers could be severe. "It would tip Michigan into a depression and it would aggravate the recession for the rest of the country."