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Battery grants to boost Michigan's profile, but maybe not jobs

BY KATHERINE YUNG and GREG GARDNER
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The \$1.36 billion in federal grants for advanced vehicle batteries is expected to significantly bolster Michigan's efforts to become a leader in this emerging industry. But don't expect the money to do much to reverse the state's massive job losses.

"Just having the money spent here is a benefit," said Alex Rosaen, a consultant at the Anderson Economic Group in East Lansing. "But that kind of spending will not solve our employment problems."

Gov. Jennifer Granholm said Wednesday that the \$1.36 billion in grants awarded to Michigan companies would create 6,800 jobs in the next 18 months and up to 40,000 by 2020. Already, Dow Chemical Co. has announced plans for a battery plant in Midland that will employ 800 people.

If these projections pan out, that's welcome news in a state that has lost nearly 20% of its workforce this decade.

In June alone, 59,000 residents joined the ranks of the unemployed, boosting the number of jobless people in the state to a record 740,000.

"It's got to be a good thing, particularly as we're losing jobs and trying to diversify into things that make sense for us," said George Fulton, an economist at the University of Michigan. "How big a win is still an open question."

A number of factors will determine how quickly the advanced battery jobs materialize and how sustainable they will be, experts said. Chief among them is the popularity of fuel-efficient cars and trucks. Sales of gasoline-electric hybrid vehicles reached a record 3.5% of total U.S. new vehicle sales in July. But doubts persist about whether this trend will continue.

"I can't comment on the jobs claim, but I can say that the shift to more gasoline hybrids will be slow," said Dan Sperling, director of the Institute of Transportation Studies at the University of California Davis. "Even with Obama's aggressive 2016 standards, the focus will continue to be conventional gasoline engines. The reality is that the Detroit companies are badly lagging Toyota and Honda in hybrid technology."

To some degree, potential employment growth in advanced battery production and research also could be offset by job losses elsewhere in the auto industry. After all, every hybrid powertrain replaces a conventional gasoline or diesel-only engine.

But even if the \$1.36 billion in federal grants doesn't produce many jobs, experts said the influx of money will help Michigan become an auto battery powerhouse, one of Granholm's key economic goals.

"You definitely got a huge boost for future leadership in the industry today," said Mike Millikin, editor of Green Car Congress, an online publication about sustainable mobility.

Contact KATHERINE YUNG: 313-222-8763 or kyung@freepress.com