



Truffle maker gears up for busy Valentine's sales. LOCAL SPOTLIGHT 2C

Tech alliance Automation Alley adds 96 companies. LOCAL & STATE 3C

Metro Business 2C
 U.S. & World Business 4C
 Dilbert 4C
 Stocks & Funds 5C

Real answers for Big 3 sting

■ ABC's Charlie Gibson asks tough questions of auto industry, but solutions are far from pat.

Charlie Gibson came to town this week to see whether Detroit still has a pulse and, if nothing else, left knowing it can still manufacture lots of excuses.

In his Automotive Town Hall, broadcast Monday on WXYZ (Channel 7), he asked whether America needs an American auto industry, a fair question considering nearly 50 percent of the cars and trucks sold here come from Detroit's foreign rivals. Instead, Canadian Auto Workers President Buzz Har-

grove filibustered with a trade-deal rant.

Gibson, anchor of ABC's "World News Tonight," wanted to know if United Auto Workers members might need to pay more for their health care given the financial straits of their employers. Instead, the union's legislative director, Alan Reuther, reminded everyone that his members already gave at the



DANIEL HOWES

plant — which more than a few salaried employees might find amusing if it wasn't so infuriating.

Gibson wanted to know why Detroit metal still has such a bad rep among Americans, as if the reasons are among the great mysteries of the automotive world. Instead, he got quibbles from Ford's guy about

the premise of the question, hyperventilation from GM's chief economist about currency manipulation and hand-wringing from Sen. Debbie "Our-Way-of-Life" Stabenow about Chinese

wages.

There are, of course, sensible answers to Gibson's questions, however impolitic they may sound to this town's politically correct ears. Yes, America needs an American-owned auto industry because this country, the planet's richest automotive market for the foreseeable future, needs the capability, the independence, the technological innovation and even the pride.

Yes, UAW members should pay more for their health care, just like most of the rest of us in private-sector America. Yes, Detroit's products have a bad rep

Please see Howes, Page 4C

N. Terminal touts food, retail plans

Metro Airport expansion seeks high-end shops, restaurants

By JOEL J. SMITH
The Detroit News

ROMULUS — From gourmet coffeehouses to sushi bars to bookstores to designer clothes shops, Detroit Metropolitan Airport officials on Tuesday unveiled their wish list of concessions and stores they want to see in the \$418 million North Terminal scheduled to open in late summer 2008.

The 18 restaurant and beverage concessions lean heavily toward national chains and themed bars. Metro Airport also wants name-brand stores and products in its 14 retail shops and a Lifestyle Center, which could include a spa, massage area and salon.

Airport officials shared their plans — and details of the bidding process — with 140 potential vendors at a Tuesday forum at the Romulus Marriott Hotel. A second forum will be at 5 p.m. today at the Wayne County Community District in Detroit.

When completed, the North Terminal will stretch a half-mile and house 26 gates. Some 4.4 million passengers are expected to pass through in 2009.

Please see Airport, Page 3C



Syska Hennessy Group

New North Terminal

- **Cost:** \$418 million
- **Opening:** Late summer 2008
- **Gates:** 26
- **Restrooms:** 20
- **Food and beverage concessions:** 18
- **Retail stores:** 14

Source: Detroit Metropolitan Airport

Metro Airport wants national chains, themed bars and name-brand stores and products for its sites in North Terminal.

LOCAL ROBOT'S sad Super Bowl story

By SHARON TERLEP
The Detroit News

Adorable but clumsy robot will get the boot from General Motors Corp. in the company's upcoming Super Bowl commercial, set in Lansing, which aims to stress the automaker's relentless quest for quality.

The 60-second spot, called "The Robot," features a small robot working on the assembly line at the Grand River Assembly plant, where part of the ad was filmed.

Early reports posted at 6:45 p.m. yesterday on detnews.com

The robot, an oddly-cute digital creation capable of contorting its nuts and bolts into human expressions, mistakenly drops a screw while working on the line making Cadillacs.

The gaffe forces the line to shut down, drawing the ire of flesh-and-blood co-workers who evict the penitent robot from the factory.

Cameras then follow the robot as it tries to make a living working thankless odd jobs to pay for whatever it is a robot needs to survive.

GM hopes the spot, which highlights its 100,000-

Please see Robot, Page 4C

HUMMER ROLLS OUT VICTORY RED

GM / Hummer

The Victory Red Limited Edition Hummer H2 will hit showrooms next month. The SUV version starts at \$66,030, and the SUT pickup's price will start at \$65,575. Special edition perks include a rear-vision camera system for help backing up and a premium appearance package.

GM
 The Robot will be featured in a GM Super Bowl ad.

GM extols its commitment to quality in TV, online ad campaign

Northwest CEO: No merger in '07

■ Doug Steenland says company will remain a standalone airline after bankruptcy ends in June.

By JOSHUA FREED
Associated Press

MINNEAPOLIS — Northwest Airlines Corp. plans to emerge from bankruptcy as an independent carrier and stay that way through 2007, CEO Doug Steenland said on Tuesday.

Northwest and other airlines have been the subject of intense merger speculation, and US Airways Group Inc. has offered to buy Delta Air Lines Inc. Northwest

has hired a merger consulting firm, but said that was so it could be prepared to respond to merger offers.

But Northwest has no plans to merge either before it exits bankruptcy (expected by June 30) or later this year, Steenland said,

speaking to reporters after a breakfast for Twin Cities business leaders. He declined to comment on reports that Northwest has

Please see Northwest, Page 3C

Shield's pizza ready to return to Detroit

By LOUIS AGUILAR
The Detroit News

DETROIT — The beloved Shield's pizza restaurant, which fled Detroit two decades ago for the suburbs, is returning to the heart of the city. The Troy-based franchise intends to sign a lease this week to operate a restaurant and bar downtown in the Kales Building Lofts across the street from Grand Circus Park.

"We kind of abandoned De-

troit. It's an exciting move to come back," said Paul Andoni, 41, who, along with his brother Peter, owns Shield's Franchise Restaurants LLC. The company started as a bar in 1937 on the corner of Shields and Davison streets on Detroit's east side. Shield's later began serving pizzas and salads and gained fame for its square, deep-dish pizza, then as a popular gathering

Please see Shield's, Page 3C

MORE INSIDE
 Airline pilots take steps to recoup pay losses. 4C

Stocks and mutual funds Page 5C

Dow Jones	Nasdaq	S&P 500	Wilshire 5000	GM	Ford	DCX
▲ 32.53 12,523.31	▲ 7.55 2,448.64	▲ 8.20 1,428.82	▲ 79.23 14,438.68	▼ \$0.05 \$32.62	▼ \$0.17 \$8.20	▼ \$0.33 \$62.73

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Nation briefs

SOFTWARE

Microsoft's Vista OS debuts quietly

NEW YORK — Consumers can finally get their hands on **Microsoft Corp.'s** long-delayed Windows Vista, but unlike the mad midnight rushes retailers saw with the recently released video game consoles, stores saw only a trickle of early adopters Tuesday. Retailers around the world held special midnight events Monday or opened early Tuesday morning, as the Vista operating system and Office 2007 business software went on sale in 70 countries.

CONSUMERS

Confidence up; labor concerns grow

NEW YORK — Consumer confidence improved slightly in January on a strengthening job market, but consumers also appeared concerned that labor conditions could worsen, according to a survey released Tuesday by a private research group. The Conference Board said its Consumer Confidence Index edged up to 110.3 in January from a revised 110.0 in December.

AIRLINES

FAA proposes letting pilots fly to 65

WASHINGTON — Airline pilots would be allowed to fly until they turn 65 instead of the current mandatory retirement age of 60 under new rules proposed by the Federal Aviation Administration. One member of a flight crew would still have to be younger than 60 under the proposal announced Tuesday by agency administrator Marion Blakey.

CORPORATE CRIME

Former CVS execs plead not guilty

PROVIDENCE, R.I. — Two former executives at **CVS Corp.** pleaded not guilty Tuesday to federal charges they paid a state senator to kill legislation the drugstore chain opposed or sponsor bills that favored the company. John R. "Jack" Kramer, former CVS senior vice president for corporate affairs and government relations, and Carlos Ortiz, former vice president of government affairs, pleaded not guilty in U.S. District Court to one count each of conspiracy and bribery and 21 counts each of fraud for their contract with former state Sen. John Celona.

ELECTRONICS

Wii sales strong a month after debut

Who would have thought, given all the publicity surrounding the PlayStation 3's arrival last fall, that the Nintendo Wii would be the must-have console of the new year? A month after Christmas, it's still hard to find a Wii, and crowds are still lining up in front of electronics stores every time a new shipment is promised. On eBay, Wiis are being auctioned off for around \$500, double its list price.

Auto briefs

Toyota, Honda lead Japan domestics

Toyota Motor Corp. and **Honda Motor Co.** led Japan's automakers in a fifth straight year of rising domestic production, as growing U.S. demand for their vehicles boosted exports. Domestic output by the country's 12 automakers rose 6.3 percent to 11.5 million vehicles in 2006, from 10.8 million in 2005, the Japan Automobile Manufacturers Association said. Exports gained to their highest since 1988.

Nanjing to produce three MG sedans

Nanjing Automobile Group Corp., one of the two Chinese companies that bought the brand and designs of bankrupt U.K. carmaker **MG Rover Group Ltd.**, said it will begin producing MG passenger sedans in China on March 27. The Chinese carmaker will build three MG models in eastern China's Nanjing city to compete with the Roewe marque.



Russ Gentry, right, takes a button from a Delta employee before an anti-merger rally in College Park, Ga. Delta pilots have backed management's bankruptcy exit plan, and are jointly fighting the US Airways bid to take over Delta.

Pilots aim to recoup pay

As airlines rebound, workers want their share

By JEFF BAILEY
New York Times

Now it's the pilots' turn. The remarkable turnaround of the airline industry has rewarded investors with rising share prices, and the \$9.87 billion price tag that US Airways Group is offering for Delta Air Lines in a hostile takeover bid is further proof that the industry is again in favor with investors and lenders.

With most of the industry returning to profitability — in part by extracting billions of dollars of pay cuts from workers — pilots are demanding that they should recoup some of the pay and other benefits they gave up in recent years and share in the improved fortunes. The pilots' agenda is playing an important role in the merger talks over Delta. The Delta pilots have backed management's stand-alone plan to exit bankruptcy, and are jointly fighting the US Airways bid.

In all, the Delta pilots have \$2.1 billion in claims.

The pilots are motivated to support management in part by self-interest — they believe that they would have less job security under US Airways ownership. And that support could be persuasive when the pilots next want something from Delta management.

They in fact accepted a slightly lower price in selling several hundred million dollars in bankruptcy claims so that they could hang onto the voting



Jared McKinley speaks to Delta employees. The grumbling among pilots about getting their due can be heard throughout the industry.

rights those claims represented to provide maximum support to management's plan, according to people familiar with the pilots' dealings.

Delta pilots are counting on the unusual contract they negotiated in bankruptcy to help them recoup their most recent 13 percent pay cut over the next three years by helping the airline achieve certain performance improvements. They also could win profit-sharing bonuses on top of that.

Lee Moak, who heads the Delta

Pilot pay plummets

\$227 an hour

Pay of captains on planes comparable to the 737, for old US Airways, which merged in 2005 with America West Airlines

\$125 an hour

What they're paid now, after two bankruptcies

chapter of the Air Line Pilots union, said, "I am confident that the performance-based pay raises are going to pay off" and restore Delta pilots' pay.

The grumbling among pilots about getting their due can be heard throughout the industry, not just at Delta. US Airways pilots, for example, are negotiating a new contract and seek higher wages and improved work rules.

At old US Airways, which merged in 2005 with America West Airlines, captains on planes comparable to the 737 were paid \$227 an hour, said Jack Stephan, a captain and head of the Air Line Pilots union local for the carrier. But now, after two bankruptcies, they are paid about \$125 an hour. "This is truly payback time," Stephan said.

Because the industry is thinly capitalized, it remains highly vulnerable to the next economic downturn. So any substantial pay raises could alarm investors.

Howes

Continued from Page 1C

because GM, Ford and Chrysler built a lot of bad products, and the best way out of that jam is to build more of the good ones.

Beneath the 'wet blanket'

But if Gibson wanted to understand why Detroit Auto is teetering above a largely self-made abyss, he might have considered leavening his nuts-and-bolts tour with a helping of deep-dish Detroit culture — like visiting one of the Ford childcare centers slated for closure.

Why? Because the brouhaha over the decision to close seven centers is a fresh example of Detroit's entitlement culture at work, a wet blanket still strangling companies that have lost tens of billions in just the past few years. Ford, you see, is supposed to baby-sit its workers' kids, too — or be denounced as a heartless meany.

He might have asked about the bonus flap roiling Ford. You know, the charge-and-countercharge that makes grown adults sound like adolescents fighting over who got to choose the last family DVD instead of what's really developing there — a principled discussion about crafting a single incentive plan for everyone.

Gibson might have asked about the town's corrosive obsession with blame and romanticizing the past instead of finding solutions and figuring out how the future will be different.

Or whether Michigan's Big-Company syndrome — GM, Ford, Chrysler, Kmart, Pfizer,

Big Furniture out west, Big Chemical up north — smothered the spirit of entrepreneurialism that created them in the first place.

Change is hard to come by

He might have asked why a state that's about as liberal blue as you can get in the Midwest is so unshakably conservative, so fundamentally resistant to change, in the way it behaves — in government, in business and in politics.

Or how corporate nannyism and Cadillac-style benefits forged in a long-gone era are still considered inviolate, even demanded, despite very different times — and why that attitude is so hard to understand for so many on the outside looking in.

He might have wondered, if he cared that much, how Detroit's Big Auto and, especially, Gov. Jennifer Granholm's state of Michigan can credibly seek help from state taxpayers or from Washington if they have trouble helping themselves.

To move in Motown, it takes the kind of existential crises simultaneously lapping at Lansing, Detroit, the UAW's Solidarity House and the executive suites of GM, Ford and Chrysler. Even then, as the governor's revenue angst shows, there's no guarantee of decisiveness.

Yes, Charlie, this is the culture behind the Detroit story, circa 2007, and it's killing us.

Daniel Howes' column runs Mondays, Wednesdays and Fridays. Reach him at (313) 222-2106, dhowes@detnews.com or info.detnews.com/danielhowesblog.

Robot

Continued from Page 1C

mile/five-year powertrain warranty on new models, will strike a chord with consumers not yet convinced the automaker can compete with foreign rivals on vehicle quality by showing even machines can't mess up these days at GM.

"The spot was inspired by the commitment to quality we really have observed inside the walls of GM," said Eric Hirshberg, president and chief creative officer of Deutsch L.A., which helped create the spot.

After the Super Bowl gig, "Robot" will go on to make appearances online at sites such as Yahoo!, AOL and MSN, and in banner ads on ESPN.com and Edmunds.com.

GM also plans a concerted effort to spread the image by making sure it shows up on blogs and other Web sites that post user-generated material.

"General Motors is building the best cars, trucks, SUVs and crossovers in our history," Mike Jackson, GM North America vice



GM

president of marketing and advertising, said in a statement. "Robot" will help us continue to get the word out."

The world's largest automaker is spending millions to get the attention of Super Bowl viewers, many of whom tune in as much for the commercials as the game. This year, advertisers reportedly are paying more than \$2.6 million for a 30-second spot.

GM also will air other ads dur-

ing the Super Bowl broadcast, including one produced by college students who won a competition staged by the company. Ford Motor Co., Honda Motor Co. and Toyota Motor Corp. also will advertise during the Super Bowl.

TSN Media Intelligence estimates firms have spent \$1.72 billion in ads during the games over the past 20 years. GM has spent the third most — \$66 million — of any company since 1987.

Success depends in large part on whether the company is genuine in its message, said Timothy Blett, president of the Doner advertising agency in Southfield.

"People's B.S. meter is up more than 50 percent over the last few years," Blett said. "It has to be believable."

You can reach Sharon Terlep at (313)223-4686 or sterlep@detnews.com.

After being released by GM for dropping a screw on the assembly line, the Robot wanders around taking odd jobs to survive. Advertisers reportedly are paying more than \$2.6 million for a 30-second spot during this year's Super Bowl game.

Wage raise divides business

■ Senate version of bill has tax breaks for small businesses, but large companies pay for them.

By JIM KUHNHENN
Associated Press

WASHINGTON — The Senate cleared the way for an increase in the minimum wage Tuesday, but only with business tax breaks that House Democrats want removed.

Final Senate passage of the legislation is expected later this week, setting the stage for a round of difficult negotiations between House and Senate Democrats over how to get the legislation to President Bush for his signature.

In a key test, the Senate voted 87-10 to end debate on the bill Tuesday, well clear of the 60 votes needed.

Earlier this month, the House passed the same increase in the wage floor — from \$5.15 to \$7.25 an hour over two years — without any tax provisions. Senate Democrats tried to push through the House version last week, but failed to get the 60 votes to end debate.

The vote Tuesday emphasized how Senate passage of the bill depends on the tax package to attract Republican votes. The White House has also signaled that Bush wants tax breaks in the legislation.

"Raising the minimum wage will cost some jobs," Al Hubbard, the director of the president's National Economic Council told reporters aboard Air Force One Tuesday. "We think it's important to counter that with tax breaks that will replace those jobs."

"The Senate has recognized that our economy is interdependent," said Sen. Michael Enzi, R-Wyo. "One simply cannot claim credit to be helping workers at the same time that they're hurting the businesses that employ them."

The tax breaks in the Senate bill have divided the private sector, pitting small businesses and retailers that would benefit from them against the larger corporations and manufacturers that would have to pay for them. The package costs \$8.3 billion in lost tax revenue over 10 years.

To help pay for the tax breaks, corporations no longer would be able to deduct the cost of jury verdicts or settlements in liability suits against them and their executives' tax-deferred pay packages would be capped at \$1 million a year.

Dilbert By Scott Adams



Quick hits: Coffee sacrifices

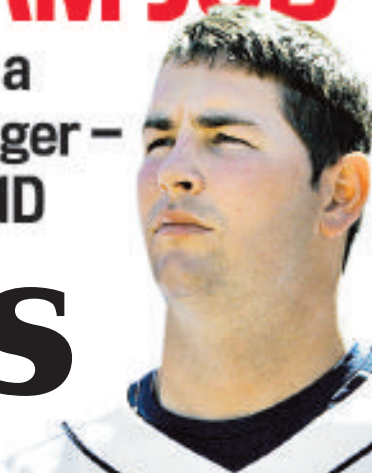
Forty-two percent would trade in the morning paper, television or radio for a cup of joe, while one in five would swap lunch for coffee, says a recent survey by OnTech Operations Inc., a maker of self-heating containers. Twelve percent would give up three hours of sleep and one in 10 would skip brushing their teeth.

AUTORAMA
MORE THAN 900 HOT RODS! DRIVE, 1F



DREAM JOB

Tigers get a new manager – for a day! 1D



The Detroit News

Wednesday, March 7, 2007

detnews.com

Metro Edition



Todd McInturf / The Detroit News

Stephen Grant's sister now is critical of him, and his dad didn't attend Tuesday's arraignment.

Grant's stark reality: All alone

■ On suicide watch in jail, dad is barred from contacting children after he's arraigned in wife's slaying.

BY GEORGE HUNTER, RONALD J. HANSEN AND ANDY HENION
The Detroit News

MOUNT CLEMENS — He's confined to a solitary jail cell, cut off from the rest of his fellow Macomb County Jail inmates.

He lost visitation rights to his two children, and is not allowed to contact them.

His lawyer dropped his case; a public defender could be appointed today.

Even Stephen Grant's sister, vocally supportive in the past, was critical Tuesday after her brother was charged with first-degree murder in the strangulation death of his wife, Tara.

"I'm not here to give him a big hug," said Grant's sister, Kelly Utykanski. "I certainly want him to accept his punishment. It was horrific."

Please see Arraign, Page 4A

GRANT KIDS MAY BE UP FOR ADOPTION
State seeks to terminate Grant's parental rights. 4A

Zetsche feared takeover without sale of Chrysler

BY CHRISTINE TIERNEY
The Detroit News

GENEVA — As DaimlerChrysler AG's top management weighed a possible sale of the Chrysler Group last fall, two events weakened Chrysler's prospects: its performance slumped, and the United Auto Workers union refused to give Chrysler the health care concessions it extended to the automaker's larger Detroit rivals.

But for the first time Tuesday, DaimlerChrysler CEO Dieter Zetsche alluded to other pressures bearing on the Stuttgart, Germany-based automaker — the risk of a possible takeover of the company.

"In today's world, a 50 billion euro (\$65 billion) market cap doesn't protect you from those considerations," he said in his first wide-ranging talks with reporters since the stunning Feb. 14 announcement that the nine-year merger might be dissolved.

Please see Zetsche, Page 6A

Why Comerica CHECKED OUT

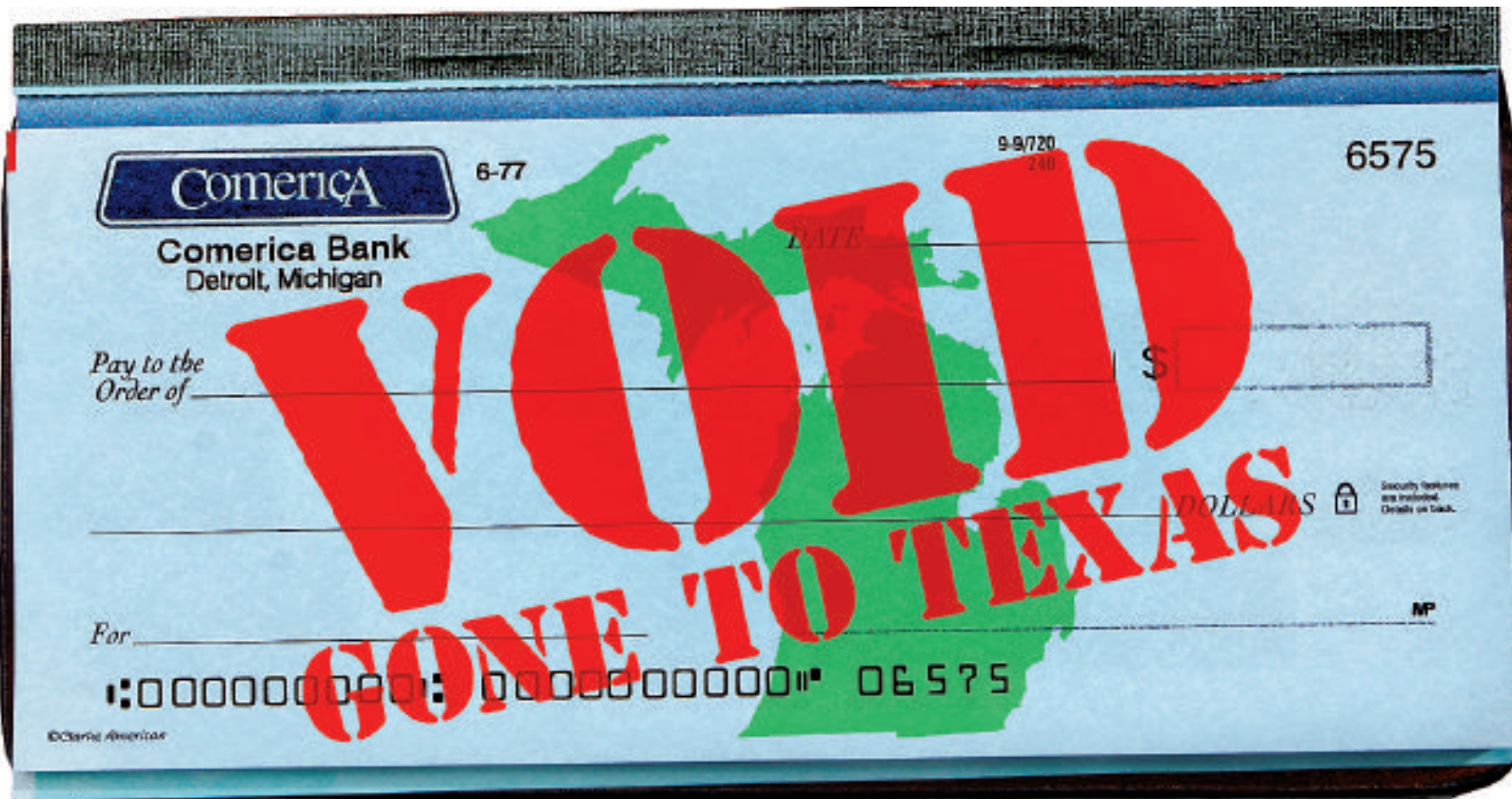


Photo illustration by Eric Milliken / The Detroit News

Hometown bank sees hope in Sun Belt

BY JOEL J. SMITH
The Detroit News

DETROIT — For years to come, residents of Michigan will feel the effects of Comerica Inc.'s surprise announcement Tuesday that it's moving its headquarters to Dallas later this year, banking experts predict.

The impact is bigger than losing 200 jobs and the last big hometown bank in downtown Detroit — an institution that traces its roots in the city back to 1849. For the first time, major decisions by Comerica will be made outside of Detroit and Michigan.

But banking analysts say the decision had to be made. It pacifies Wall Street critics who argue Comerica's stock is undervalued because of its close ties to Detroit and Michigan's economic woes. And it staves off — for the time being anyway — a hostile takeover attempt that could devastate the bank and ultimately cost thousands of

Please see Comerica, Page 12A

3 PAGES OF COVERAGE

GOVERNOR NEEDS BUSINESS LESSON
Editorial: Granholm should learn from Texas. 11A

MICHIGAN IN A FUNK
Departure another blow to state economy. 14A

BEHIND THE MOVE

- Get closer to growth markets
- Boost stock, reduce takeover risk
- Improve recruiting

IMPACT ON MICHIGAN

- Lose 200 headquarters jobs
- Potential loss of community involvement
- No change in services for customers



Carlos Osorio / Associated Press

MORE ONLINE

- CyberSurvey: Will you continue to do business with Comerica?
- Track the company's market performance.
- Join the discussion in News Talk. Go to detnews.com/business.



Who will save state when even boosters bail?

As if we needed another harsh reminder, Comerica Inc. is blowing town for Dallas because growth is not here — it's in the Sun Belt, and companies that don't grow are companies that die.

Wall Street, showing increasing signs of giving up on Michigan and its auto industry, knows it. And so do Comerica's directors, whose decision screams more fiduciary responsibility than corporate irresponsibility, however much this move may feel like yet another business betrayal.

But a bigger question of this painful and symbolically damaging blow is this: If a board of directors that reads like a who's who of Detroit boosters sees good reason to green light a corporate move to Texas by one of the region's staunchest corporate citizens, who, exactly, is going to lead an economic comeback?

Comerica still books 50 percent of its business in Michigan and the vast majority of its employees, for now, will remain here. Its name graces the home of the Detroit Tigers. It claims a long record of civic stewardship and says that will continue. Its

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DANIEL HOWES

IN OTHER NEWS

Libby verdict is reminder of how Iraq war has enveloped Bush presidency. 7A ➤



Metro hospitals, colleges vie for chance to host MSU medical school. 1B

Spirit Airlines fares will be cheaper but baggage, soda, coffee will cost you. 1C

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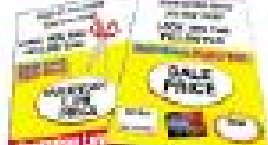
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Great Escapes 3E
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Movies 2E
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COMING TOMORROW:
SPRUCE UP YOUR SALAD



Grab a Glass! Kroger Gallon Milk – 1.99 with All Varieties



Howes

Continued from Page 1A

CEO, Ralph Babb, is chairman of Detroit Renaissance, and three more directors sit on the Renaissance board, among others.

Comerica is, in short, deep-dish Detroit.

Who's leaving next?

But if this 150-year-old or so institution can make a case to bolt, and if investors reward the move, what's likely to keep Compuware Inc. and Domino's Inc. or private companies like Quicken Loans and Strategic Staffing Solutions, to name four, in a no-growth state with a bad image, an uncertain business tax environment and aimless political leadership?

Answer: Not much, except their own inertia.

"In a world where major corporations are making decisions for shareholders instead of communities... it makes me mad, frankly," Gov. Jennifer Granholm told WJR Tuesday. "It's bad. It is bad."

Yes, it is. It signals loud and clear that the people who've been pushing Detroit before Detroit was remotely cool — Babb and Comerica directors like DTE's Tony Earley, symphony heavyweight Peter Cummings and retail mogul Bobby Taubman — have concluded Michigan is a large burden for a publicly traded company whose value is set as much by place and perception as it is performance.

If this isn't a wake-up call that says the same old ways don't work, I don't know what is. Confidence is a lifeblood that drives investment, and Comerica's decision says it doesn't have much confidence that Michigan in general and Detroit in particular will grow enough anytime soon to help it stay competitive and independent.

Comerica's decision shouldn't be surprising, several directors tell me, because Comerica's rivals based in the southwest trade at price-to-earnings multiples 20 percent to 30 percent higher than Comerica — just because they're based in, say, Texas and Comerica is based in Michigan.

"Where the population growth is going to dictate where the economic growth is," Babb told me, reciting Census Bureau statistics that predict one-third of the U.S. population will reside in California, Texas and Florida by 2030. He says recruiting talent to Dallas should be "a little easier" than the hard sell of wooing folks to work in Detroit.

The brutal truth for Comerica, and many of the state's other public companies, is that being headquartered in Michigan is a liability. It harms their ability to raise funds, depresses share prices, increases susceptibility to takeovers, draws questions about



Daniel Mears / The Detroit News

Comerica's decision to leave says it doesn't have much confidence that Michigan in general and Detroit in particular will grow enough anytime soon to help it stay competitive and independent.

exposure to low-growth markets, economic malaise, high costs and, in the case of banks, troubled loans.

The 'Detroit discount' hurts

"Wall Street does discount Detroit companies, generally," one Comerica director told me, saying company policy bars directors from speaking on the record. "Every time I talk to money managers, I spend a lot of time talking about the Detroit economy, the Michigan economy, the automakers."

Added a fellow Comerica director: "The problem is the market perceives us as a Michigan bank and they will continue to until 70 percent of our business is outside the market. Banks, no matter how good they are, cannot get out of the economy they live in."

Comerica officials informed Granholm of the company's decision on Monday. But the

"absolutely unanimous" decision, one director told me, "was heavily studied and heavily thought about for a year."

The rationale for the directors and senior management boiled down to trying to position Comerica for growth to better ensure — but not guarantee — its continued independence.

Otherwise, chances would increase that Comerica would be swallowed up by a more aggressive rival, which likely would eliminate as many as 5,000 of Comerica's 7,500 Michigan jobs and b) focus on the high-growth markets of California, Texas, Arizona and Florida.

That's the theory, at least. And how the move, expected to be completed by October, will play out remains to be seen. So will the promises that the vast majority of employees will remain here, a higher tax state with higher labor costs and difficulty attracting professional talent.

More certain is the blow Comerica's move will have on Michigan's economic psyche because "it's always easier to grow an economy around your corporate-headquartered companies," says Doug Rothwell, president of Detroit Renaissance.

Comerica is another in a growing list of companies that have bailed on Michigan during the Granholm era, marked by dithering on budgets, business taxes, structural reform and an uncanny knack for learning about corporate decampments only when the rest of us do.

Policy, tone, action matter

By her own admission, she didn't know about the Comerica decision until Monday. She didn't know about Pfizer Inc.'s decision to close operations in Ann Arbor and Plymouth until it was too late. She expressed shock when Delphi Corp. filed for bankruptcy, even if many others weren't. She learned of Kmart Corp.'s decision to acquire Sears from me, in a German restaurant.

Even if state economic development efforts were not a factor in Comerica's decision to move — and several directors say they weren't — the Comerica decision and Granholm's reaction to it yet again raise troubling questions about the effectiveness of those efforts and the governor's ties, if any, to key business leaders.

Then there's policy. Her Michigan Business Tax reform would increase taxes on financial services firms and insurance companies. With Comerica heading to Texas, could insurance companies, which basically run with people sitting behind computers, be far behind? Maybe.

Legislation passed the state House to retroactively repeal limits on pharmaceutical liability for drugs approved by federal regulators about the time Pfizer said it was leaving. Even if the bill, stalled in the Senate, didn't force Pfizer's hand — and it probably didn't — could it have made the decision easier? Probably.

The business environment matters. What the state's leadership, especially its governor, says about business decisions and the reasons behind them matters. How all of it is perceived by would-be investors and existing Michigan businesses matters.

That's the most worrisome thing about Comerica's exodus: Its leaders, long bullish on Detroit and Michigan, have delivered a vote of no confidence, though they aren't keen to admit it publicly.

"There are a lot of good leaders in Detroit and Michigan," says Babb, "who are stepping up."

Really? How long before they hit the road, too?

Daniel Howes' column appears Mondays, Wednesdays and Fridays. He can be reached at (313) 222-2106, dhowes@detnews.com or his blog at http://info.detnews.com/danielhowesblog.

Reaction to Comerica's move

"We're not going to fold up Michigan's tent — we're going to keep working our economic plan and come out stronger and more competitive..."

GOV. JENNIFER GRANHOLM



"This should be a clear sign to Gov. Granholm that the current message she is sending to business is not what they want to hear."

MICHIGAN REPUBLICAN PARTY CHAIRMAN SAUL ANUZIS

"We've depended on the auto industry for so long that we didn't have the foresight to plan for what would happen if the auto industry went under."

KAREN BURITZ, Livonia, former Comerica employee

"I think (Comerica) is going to regret it."

DETROIT MAYOR KWAME KILPATRICK



"To grow this economy, Michigan must become aggressively competitive on all levels to retain and attract businesses here. The state is in a crisis and there is no time to waste; the time is now."

WAYNE COUNTY EXEC ROBERT FICANO

"When are they (state lawmakers) going to get it? What they're doing isn't working. It's time to try something new."

DAVID EY, Taylor, gas station attendant

Bank says it won't cut philanthropy

■ Comerica gave \$8.3M last year to some 1,300 Detroit-area nonprofits, \$16M nationwide.

BY AMY LEE
The Detroit News

DETROIT — Comerica Inc. may pull its headquarters out of Detroit, but it has no plans to pull charitable cash contributions to area nonprofit organizations, according to bank officials.

Comerica gave about \$8.3 million to some 1,300 Metro Detroit organizations in 2006, or about half of the \$16 million total that the bank doled out nationwide, said Wayne Mielke, vice president of corporate communications.

In addition, Comerica employees donated some 20,000 community service volunteer hours in Metro Detroit in 2006.

"Giving in southeast Michigan will be comparable to what it was last year," Mielke said Tuesday. "The bottom line is we still have a strong Michigan market presence and we are very committed to the organizations that serve this community."

Comerica's foundation is among the top 15 in the state in terms of corporate giving, and annually makes sizeable donations to groups such as the Detroit Regional Chamber Economic Partnership, United Way of Southeastern Michigan and the YMCA of Metro Detroit.

Comerica has had a presence in Metro Detroit stretching back to 1849.

The large number of Michigan-based Comerica employees who will remain in Michigan, despite the headquarters move, make it unlikely the company will cut back on giving in Michigan, said Rob Collier, president of the Council of Michigan Foundations, a nonprofit membership association for foundations and corporations.

"When headquarters move, our experience has been that they'll make some big grants there to announce their arrival,

Michigan loses powerful PAC

Comerica's pending move to Texas could lower the political profile of one of Michigan's biggest campaign benefactors. The bank's federal Political Action Committee ranked sixth in spending among federally registered PACs from Michigan during the 2006 election cycle; a separate state-registered PAC was Michigan's No. 7 corporate PAC, according to numbers compiled by the Michigan Campaign Finance Network. The bank's federal PAC gave \$84,000 to U.S. House candidates, almost three-quarters of that to Michigan candidates. Much of the rest went to members of the House Financial Services Committee, which regulates banks.

— Gordon Trowbridge

but that does not mean they'll be a huge dip in their giving here," Collier said. "It's more likely they'd look to grow their foundation rather than scale it back."

Comerica is the lead sponsor for banking at the Rock Financial JA Financial Park in Detroit, a 12,500-square-foot hands-on learning facility where middle-school students can learn about budgeting, banking and maintaining good credit.

Comerica in 2005 committed \$250,000 and an additional \$50,000 in scholarships for low-income students over a five-year period, said Karen Kosniewski, president and CEO of Junior Achievement of Michigan.

The facility opens this year and expects to host about 5,000 students total during daylong field trips throughout 2007, Kosniewski said.

"Comerica's been committed and involved to make sure we have sponsorship and also in terms of providing volunteers," Kosniewski said.

"There's such a longstanding commitment by Comerica to this community; I don't see that changing at all."

You can reach Amy Lee at (313) 222-2548 or alee@detnews.com.

Board of directors closely tied to Metro Detroit

Comerica Inc.'s board of directors includes numerous Metro Detroit business leaders.

BOARD MEMBERS WITH MICHIGAN CONNECTIONS:



Babb



Buttigieg



Cregg



Cummings



Earley



Taubman



Turner



Way

■ **Ralph W. Babb Jr.:** Comerica chairman and chief executive officer

■ **Joseph J. Buttigieg III:** Comerica vice chairman

■ **Lillian Bauder:** Retired vice president, Masco Corp., maker of kitchen and bath cabinets and home plumbing products, based in Taylor

■ **Roger A. Cregg:** Executive vice president and chief financial officer, Pulte Homes Inc., national home builder based in Bloomfield Hills

■ **Peter D. Cummings:** Chairman, Ram Realty Services, property and asset management company based in Palm Beach Gardens, Fla. Cummings lives in Metro Detroit.

■ **Anthony F. Earley Jr.:** Chairman and chief executive

officer, DTE Energy Co., Detroit-based electricity and gas utility serving Michigan

■ **Robert S. Taubman:** Chairman, president and chief executive officer, Taubman Centers Inc., owner and operator of U.S. shopping centers, based in Bloomfield Hills

■ **Reginald M. Turner Jr.:** Member, Clark Hill PLC, Midwest law firm with offices in Detroit. Turner works in Detroit.

■ **Kenneth L. Way:** Retired chairman and chief executive officer; Lear Corp., maker of automotive seat systems and other interior systems, based in Southfield

OTHER BOARD MEMBERS

■ **James F. Cordes:** Retired executive vice president, The Coastal Corp., energy company based in Houston

■ **T. Kevin DeNicola:** Senior vice president and chief financial officer, Lyondell Chemical Co., chemical and polymer maker based in Houston

■ **Alfred A. Piaggolini:** Chairman, president and chief executive officer, Wisconsin Cheese Group Inc., specialty cheese maker, based in Monroe, Wis., also consultant, Desert Trail Consulting

■ **William P. Vittoe:** Retired chairman, president and chief executive officer, Washington Energy Co., sells furnaces and other energy equipment for the home, based in Seattle



Ricardo Thomas / The Detroit News
Friday's opening of the 3.5-mile Detroit East RiverWalk kicks off a six-day celebration that tonight features a parade of boats.

Detroit, take me to the river

■ Grand opening of promenade and Boblo boat's return usher in new era for waterfront.

By FRANCIS X. DONNELLY AND JONNELLE MARTE
The Detroit News

DETROIT — All day Friday, as steady as waves lapping at a beach, a stream of people rushed into downtown, washing toward the Detroit River.

They came from the suburbs and as far away as Ohio for the beginning of a six-day celebration of the riverfront, the inaugural Detroit International River Days.

For this is the time the city reclaims its slice of the waterway, with a twinkling parade of boats tonight and culminating Wednesday with the annual Detroit fireworks show.

For six days, Motown is River City.

"It's a treasure," Vince Blake, 54, of Troy, said about the river. "It's a jewel."

If Friday was any indication, the transition from gritty downtown to laidback waterfront will be a giddy one.

"It's great to see all the people," said Phyllis Hill, 36, a temporary

Please see *River*, Page 9A

FESTIVAL SCHEDULE
What's on tap today, Sunday on the riverfront. 9A

MORE ONLINE

Photo galleries, events listing, plus audio slideshow of Boblo boat's return at detnews.com/metro.

detnews.com

Online: All Weekend

Stuff to do: Browse or search our events calendar for weekend activities.

NHL draft: Follow the live draft tracker, player rankings and profiles.

Go to detnews.com

Delphi-UAW deal: Sign of the future

WORKERS: \$105K PAYOUTS TRADED FOR LOWER WAGES

FACTORIES: MANY PLANTS TO CLOSE, OTHERS SPARED

GM: CRIPPLING STRIKE AVERTED



John M. Galloway
Special to The Detroit News

What the deal means for key parties



- Takes tremendous pressure off GM, ending threat of a strike at Delphi that could have crippled the automaker.
- Removes a potential distraction as GM and the other Detroit automakers prepare for labor talks with the UAW.
- Sets stage for GM to slash its Delphi parts bill even as it continues to subsidize some of Delphi's labor costs.



- Ends nearly two years of difficult negotiations over wages for post-bankruptcy Delphi workers.
- Offers high-seniority workers \$35,000 cash annually for three years for taking wage cut from \$27 an hour to \$18.50, slightly more for skilled trades workers.
- Allows union to sharpen focus on upcoming labor negotiations with automakers.



- Lets Delphi cut wages and close or sell factories to be more competitive with lower-cost parts makers.
- Paves the way for Delphi to emerge from Chapter 11 bankruptcy later this year.
- Allows Delphi to move toward finalizing a deal with private equity investors to buy the company.

By BILL VLASIC AND SHARON TERLEP
The Detroit News

The historic restructuring of the American auto industry cleared another major hurdle Friday with the announcement of a deal covering wage cuts and factory closures between bankrupt Delphi Corp. and the United Auto Workers.

The tentative agreement includes a payout of \$105,000 over three years that will be offered to about 4,000 of Delphi's 17,000 UAW workers. In return, the workers' pay will be cut from about \$27 an hour to a maximum of \$18.50 an hour by Oct. 1.

Delphi said the pact negotiated with the UAW and General Motors Corp., its former parent, represents a "significant milestone" in its torturous, 20-month odyssey since filing for Chapter 11 on Oct. 8, 2005.

"If ratified, we believe this agreement will be a significant milestone in our transformation and a major step towards emergence (from bankruptcy)," said John Sheehan, Delphi's chief restructuring officer.

The pact also could serve as a template for pay plans at other suppliers.

Union members are expected to vote on the agreement next week. If passed, the deal would allow Delphi to substantially reduce its overhead in a bid to compete with lower-cost international suppliers.

More importantly, the deal removes the threat of a potential strike that would cripple GM — Delphi's largest customer — and disrupt contract talks this summer between the UAW and Detroit automakers.

"Delphi could have been a dark cloud hanging over the talks all summer," said Harley Shaiken, a labor professor at the University of California-Berkeley. "It would have been

Please see *Delphi*, Page 11A

CYBERSURVEY AT DETNEWS.COM: WILL DELPHI DEAL AFFECT OTHER AUTO TALKS?

A tough blow, a long road ahead

On the second Saturday in October 2005, when Delphi Corp. filed for bankruptcy, Detroit's auto industry, its people and communities shuddered.

Now we see a big reason why. The painful, concessionary and, depending on your point of view, inevitable labor agreement inked by the United Auto Workers, Delphi and former parent General Motors Corp. is the

most prominent piece of the Delphi parable and what it could portend for the larger pieces of Detroit's automotive empire — the three automakers themselves.



DANIEL HOWES

Like the third ghost in Dickens' "A Christmas Carol," the Delphi story over the past 21 months offers glimpses of what could be. But it's not necessarily what must be, unless GM, Ford Motor and Chrysler stumble even more than they already have in

their North American turnarounds. "When Delphi went Chapter 11," says David Cole, chairman of the Ann Arbor-based Center for Automotive Research, "that made what was hypothetical real."

What's real are the plant closings — the majority of 29 Delphi plants in the United States are expected to be shuttered or sold. Work will be moved from U.S. plants to cheaper plants overseas. "Buydowns" will be offered to reduce wages for the "traditional"

Please see *Howes*, Page 10A

MORE INSIDE

WORKERS ANXIOUSLY WAIT
Delphi staffers will get details Monday on lump-sum amounts, wage cuts. 10A

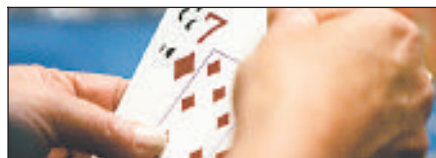


GETTELFINGER REJECTS BIG CUTS
UAW president says Big 3 doesn't need to slash pay \$30 an hour to survive. 1B

IN OTHER NEWS

■ Missing Washington Township woman clashed with boyfriend's kids. 3A

■ Public will finally learn about some of the CIA's darkest secrets. 13A



■ Playing cards don't last very long at area casinos. 1B



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Photos by Charlie Cortez / Special to The Detroit News

Flint Delphi workers Sherry Aguirre and Brandon Johnson discuss the tentative agreement Friday at the Thrift City Bar and Grill.

Workers waiting to hear details of deal

■ Vote is next week; some impatient to know fate, while others want more time to consider options.

By LOUIS AGUILAR AND BRYCE G. HOFFMAN
The Detroit News

FLINT — After nearly two years waiting and worrying, Delphi Corp. workers will have to wait a few more days to learn their fate.

A deal was reached Friday between the auto supplier, former parent General Motors Corp. and the United Auto Workers on wages, benefits and plant closings. But Delphi workers won't hear all the details until next week when the UAW outlines the deals for workers who will vote on whether to ratify it.

"How can you have an opinion at this point?" said David Harris, a 27-year veteran at Delphi's Saginaw facility, where workers will vote Thursday.

Harris is among a few thousand or so Delphi workers who make top-level wages averaging about \$27 an hour. According to union and industry officials, those workers will be offered a lump-sum payment in exchange for accepting pay of about \$18.50 an hour. They also will have the choice of retiring or returning to GM.

But Harris hasn't been told anything officially.

"You have to have faith in our leadership, which I do," he said. "I



"I want to know what's going on," Scott Reed, left, says about waiting to hear details of the deal. He and Jason Harris were hired last year.

know they are doing the best they can."

Not everyone has such faith. The dissident UAW group called Soldiers of Solidarity has already started cautioning workers to "Vote No Until You Know."

Todd Jordan, a Kokomo worker who is one of the group's leaders, said union members may not have enough time to review what they are voting on.

"They've made us wait two years, they can at least give us a week or two to decide. If they try to push this through with little information, I can tell you most workers in Kokomo will reject it," Jordan said.

Meanwhile, down the street from Delphi's Flint East plant, a group of younger workers gath-

ered at the Thrift City Bar and Grill to celebrate the one-year anniversary of their hiring and assuage concerns about the future with a few bottles of beer.

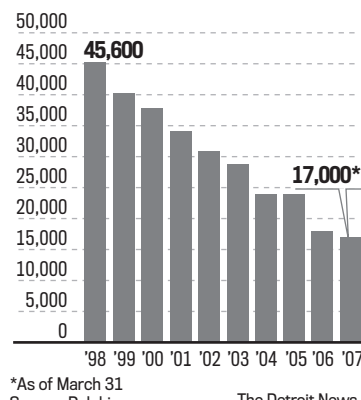
"They came around yesterday with these little fliers saying there might be an agreement and that we would hear the details and have a ratification vote on Monday," said Jason Harris, 28, of Birch Run. "I said, 'What the hell, we're here tomorrow. Why do we have to wait until after the weekend?'"

His friend, Scott Reed, 33, of Owosso, was also upset at having to wait. "I've got a family, and I want to know what's going on," Reed said.

Both men were hired at a lower pay scale last year under a 2004

UAW jobs at Delphi

Delphi's UAW work force has been declining since the supplier was spun off from GM in 1999.



*As of March 31 Source: Delphi The Detroit News

agreement that allowed a second wage tier for new workers.

Two people familiar with the deal said the Flint East plant will be placed under the control of a holding company until it can be sold to a new owner.

"I'm going to do anything in my power to make the plant stay open," Harris said, adding he can still remember his father being laid off from the old Fisher Body plant. "This town needs this plant."

Several of the new workers say a low-skill job that pays \$14 an hour with benefits is still a job worth fighting for.

"People still believe the UAW can fight for you. Maybe not fight as good as they once did, but times have changed; we all know that," said Linda Solomon, a Flint East worker hired in August.

Howes

Continued from Page 1A

UAW members who don't retire, take an early out or flow back to GM. Benefits will be cut and pensions replaced by 401(k)s. And in the end, Delphi will be controlled by private equity groups.

Details remain sketchy as the UAW sets out to get the deal ratified, but what's real are the bitter emotions of those who believe the whole, hugely expensive affair was unnecessary, contrived to crack the UAW's grip on its master contract, enrich some executives and reposition Delphi as an American supplier in name only.

No more 'sugar daddies'

What's real is that Delphi is likely to emerge from bankruptcy a far more cost-competitive company, that it continued to book new business through bankruptcy, and that the fear its run through federal court instilled in the lethargic mass of Detroit's auto industry may, in fact, help save it.

What's real is that the probable denouement of the UAW-Delphi-GM wrangling and the comparatively soft landings from waves of GM-financed buyouts are likely to leave a false sense of security in employees and communities of GM, Ford and Chrysler. Why? Because Delphi had a former parent with legal obligations to stand by certain classes of employees.

The others do not.

Should GM, Ford or Chrysler, soon to be owned by a private equity shop, "go chapter," there would be no backstop — only creditors, lawyers, a bankruptcy judge and a lot fewer guarantees.

As much as free marketeers may hail the "creative destruction" of Detroit's continuing recapitalization, it's hard to appreciate the creative part when all you can envision is the destruction of communities, the erosion of property values and, for some, a step down in living standards.

You can argue it's not fair, deserved, right, American, defensible, or you can say it was inevitable, necessary and long overdue, as I tend to hear from the management heads around town. But it is what it is.

No denying human cost

By any measure, that the UAW, Delphi and GM reached the point of a tentative agreement on perhaps the most distasteful smackdown the union has encountered in its 70-plus year history is as much a testament to the diplomacy and real-

politik of UAW President Ron Gettelfinger and his bargainers as it is a recognition of the brutal economic reality they faced.

Refuse to settle and Delphi asks the court to void the contract. Void the contract and the UAW calls a strike. Strike Delphi and you damage the sugar daddy named GM. Without GM, who would honor the financial commitments to the remaining union members or those who've since retired in good faith?

Distasteful? Unbelievably so, which is why Gettelfinger seldom misses an opportunity to lambaste Delphi Chairman Steve Miller or to describe Delphi execs as "hogs slopping at the trough" or to label the whole bankruptcy "mechanical" and something that should never have occurred.

But it has, this Detroit auto equivalent of the fall of the Berlin Wall, and this is what it has wrought.

Whether a union type or a management type, there is no denying the human impact of this bankruptcy, this agreement, and what it portends for an industry whose foundation partly rests on the labor-management relationship.

Lives will be changed. Incomes for some will decline while those of others are likely to be stabilized. The vast majority of Delphi's annual revenue will come from overseas plants manned by foreign nationals, many of whom might mistake Troy for the ancient Greek city, instead of home to Delphi's headquarters.

Major unionized suppliers have watched — and waited — intently for clues to the kind of contract the three parties would devise, knowing it would serve as a template for them and others in the industry.

Wall Street — often assuming the caricatured worst of the union and the guys running the companies — built models and tried to make dough betting on whether this day would come or culminate in an Armageddon that would consume Delphi, GM and who knows what else.

Many were mistaken, mostly because models cannot account for the effect of human decisions and leadership, however reluctant, in difficult and historic times.

This is one of those times. And as bad as it looks to some right now, it could have been a lot worse — for just about every-

Daniel Howes' column runs Mondays, Wednesdays and Fridays. You can reach him at (313) 222-2106, dchowes@detnews.com or http://info.detnews.com/daniel-howesblog



Clarence Tabb Jr., The Detroit News



Getty Images

UAW President Ron Gettelfinger says that the Delphi bankruptcy should have never occurred.

Delphi Chairman Steve Miller was criticized by Gettelfinger as the parts maker restructured.

Road to reorganization

A timeline of key events in Delphi's bankruptcy:

Oct. 8, 2005: Delphi files for Chapter 11 bankruptcy protection.

Oct. 6, 2005: Delphi demands that its 24,000 UAW workers accept unprecedented cuts in wages and benefits as part of a last-ditch effort to avoid bankruptcy.

Oct. 11, 2005: Delphi bankruptcy hearing opens in New York. Delphi vows to transform into stronger company but says it will need to cut pay and benefits and close plants.

Nov. 2, 2005: Confidential Delphi memo calls for closing 5 electronics plants, including one in Flint.

March 5, 2006: GM and UAW in advanced talks on buyout offers for hourly workers, which would clear the way for GM to rehire former employees who had moved to Delphi.

March 22, 2006: GM, UAW and Delphi unveil deal to offer tens of thousands of employees buyouts/early retirement offers.

March 31, 2006: Top UAW officials say Delphi may shed at least 14 U.S. factories as part of its restructuring.

May 9, 2006: Delphi asks bankruptcy judge for authorization to scrap union contracts covering 33,000 blue-collar workers after failing to win concessions from its six unions.

May 16, 2006: UAW authorizes strike against Delphi if supplier tries to impose wage cuts.

May 23, 2006: GM shares rally 9 percent on preliminary reports that more than 20,000 workers will accept buyouts.

June 30, 2006: Bankruptcy court approves buyout and early retirement offers for more than 17,000 workers represented by Delphi's biggest unions, UAW and IUE-CWA.

June 14: Delphi-UAW pact near: Buyouts for lower wages

March 27, 2007: UAW rejects latest Delphi offer, calling it "pathetic."

June 22, 2007: Delphi reached a tentative agreement Friday with its largest union in what may set a pattern for future pay in the U.S. automotive parts industry. Few details were released.

May 31, 2007: UAW President Ron Gettelfinger says union and Delphi "continuing to work through the problem"

May 2007: UAW makes counterproposal to Delphi.

April 19, 2007: Delphi says Cerberus dropping out of deal.



Madison Heights company solves hot, cool crises. LOCAL SPOTLIGHT 2C

It takes \$1.3B to get on Forbes' richest list. U.S. & WORLD 4C

Metro Business 2C
 Stocks & Funds 3C
 Auto Industry 4C
 Dilbert 4C

Ford's marketing chief is out



Cisco Codina, group vice president, North America Marketing, Sales and Service, is retiring.

Cisco Codina was on the hot seat after company missed sales targets

BY **BYRCE G. HOFFMAN**
The Detroit News

With U.S. market share at an all-time low and the company's own CEO publicly criticizing his marketing organization, Ford Motor Co. on Thursday announced the retirement of North American sales and marketing chief Cisco Codina.

The Detroit News first reported that Codina was on the hot seat in April after the company missed its

first quarter sales targets. Since then, Ford's decade-long decline in domestic market share has slowed, but still shrank to its lowest ever in August — just 14.4 percent, compared with 22 percent five years ago.

The newer "Ford Challenge" ads are doing better than the "Bold Moves" campaign they replaced, but as CEO Alan Mulally said last month, the automaker is still having a hard time convincing consumers to even

test drive its cars and trucks.

Codina was popular with dealers, and many said Thursday that they believe he is a scapegoat for problems and policies for which he was only partly responsible. Inside Ford, he got credit for holding the line on incentives and introducing a more rational pricing strategy, but there was also a growing sense that someone had to pay for the failures in the organization. "He was sacrificed," said Randy

UP TO THE CHALLENGE

Chrysler's Jim Press is out to make things happen in his new job. **4C**

Fuller, who just sold his Ford store in Lakeside, Ariz., but remains moderator of one of the largest online Ford dealer groups. "There have been rumors and rumbblings for more than 90 days because he hasn't been hitting his targets. But it's not because of Cisco."

Codina acknowledged every executive position in Detroit today is "a pressure cooker," but he told The News Thursday that the decision to step down was his. He said he promised his wife he would retire after 30 years, a milestone he reached this spring.

"While it's tough to leave the company at a challenging time, I feel like our team has made a lot of progress,"

Please see Codina, Page 4C

A state in the state of denial



DANIEL HOWES

With Michigan careening toward an official governmental shut-down, a fitting capstone to its dysfunction and denial, a few questions beg to be asked of Lansing — even if the governor and the Legislature aren't likely to answer them.

Virtually no sentient being who's paying attention to the circus in the state capitol believes we'll get out of this \$1.75 billion hole without a tax increase. But why should taxpayers give you more dough if you've repeatedly proven to be poor stewards of the money and incapable of agreeing how to spend it?

Second, home prices are in free fall across the state, especially in southeast Michigan. In Oakland County, they're down 13.72 percent since 2004. In Macomb, 12.01 percent. And in Wayne County, a whopping 35.63 percent — meaning that, soon enough, assessments will slip, too.

Because assessments and the taxes they deliver generally trail the market by two years or so, what will you do when property tax revenues pegged to lower assessments come in even lighter than they are now? Ask for more taxes?

This is just one of Michigan's time bombs. If things are bad now, wait until real estate tremors subside, buyout money for auto workers evaporates and the trend in public employee benefits — namely, gilded pension and retiree health care payouts on a declining revenue base — keep rising.

Were any of you, Republican or Democrat, planning to clue folks into this harsh reality? Or were you just content to let it be someone else's problem as you sashayed off to a new gig?

Third, what happened to all the reform that Gov. Jennifer Granholm bragged about in the

Please see Howes, Page 2C

From **\$5,000** to **\$600,000**,

700 Metro Detroit homes at auction will be

GOING, GOING, CHEAP

Auction offerings

A few of the properties available at the auction and their current assessed values. The properties come with clear and insured titles:



■ 1216 Whitcomb Ave., Royal Oak.: Five bedrooms, two bath, 1,347 sq. ft., \$120,770



■ 4991 Trailview, West Bloomfield: Four bedrooms, three bath, 3,962 sq. ft., \$321,940



■ 5856 Banner St., Taylor: Three bedrooms, one bath, 1,000 sq. ft., \$101,500



■ 15094 Washburn St., Detroit: Four bedrooms, two bath, 1,502 sq. ft., \$47,880

Source: Hudson & Marshall

Photos by Hudson & Marshall

A housing downturn could be an investor's dream

BY **NATHAN HURST**
The Detroit News

DETROIT — More than 700 Metro Detroit houses will hit the auction block this weekend as lenders try to get rid of foreclosed properties that have languished on the market for months — even years, in some cases.

The auction, which begins today and runs through Sunday, features homes with estimated market values ranging from \$5,000 to more than

\$600,000 in communities from Detroit to Bloomfield Hills, according to Hudson & Marshall of Texas Inc., the Dallas-based property liquidation firm handling the event.

Company spokeswoman Crystal Wright said the auction will be the largest in the firm's history.

"The bottom line is that the housing and mortgage market fallout has

Please see Auction, Page 2C

About the auction

■ **What:** More than 700 homes being sold at the Hudson & Marshall Metro Detroit Foreclosure Auction

■ **When:** Today and Saturday beginning at 10 a.m., Sunday beginning at 1 p.m.

■ **Where:** Ford Motor Co. Conference and Event Center, 1151 Village Road, Dearborn

■ **How to bid:** Prospective buyers must register with a \$3,000 cashier's check made payable to themselves

■ **For a complete listing:** Visit www.hudsonandmarshall.com

Health agency apologizes for e-mail touting foreign cars

BY **DAVID SHEPARDSON**
The Detroit News

WASHINGTON — The U.S. Department of Health and Human Services apologized late Thursday for sending an e-mail to 67,000 employees that touted a number of fuel-efficient foreign vehicles.

"I deeply regret that our newsletter offended anyone, especially

those Americans working in the automobile industry and the millions of people who make American automobile manufacturers successful," said Joe Ellis, assistant secretary for administration for HHS, in a statement.

The statement mostly satisfied critics — both in the Michigan delegation and among the auto companies.

"They did the right thing and I applaud them for it," Chrysler spokesman Jason Vines said. They followed the advice: "When you're in a hole, stop digging," he said.

The 15 House members from Michigan sent a letter to HHS Secretary Mike Leavitt on Monday blasting the e-mail.

"Unfortunately, the newsletter highlighted vehicles not made by

MORE ONLINE

Read the HHS apology for an e-mail touting fuel-efficient foreign vehicles at autosinsider.com.

American manufacturers, thereby giving the impression that HHS was encouraging people to buy foreign makes of cars. Nothing could be further from our intent," Ellis

wrote. "Clearly, the newsletter strayed from its purpose of sharing information about energy conservation ... We implied that we endorsed the purchase of cars not made by American companies."

Rep. Dave Camp, R-Midland, praised the announcement.

"They really got the message —

Please see Apology, Page 4C



MORE INSIDE
 Kroger expands into the mortgage business. **3C**

Stocks and mutual funds Page 3C

Dow Jones	Nasdaq	S&P 500	Wilshire	GM	Ford	DAI
48.86	12.19	10.28	99.60	\$0.51	\$0.15	\$0.67
13,766.70	2,654.29	1,518.75	15,271.69	\$34.47	\$8.25	\$93.83

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Briefs

HEALTH CARE

Beaumont patients get Omnibeam treatment

Beaumont Hospitals has a new robotic radiation therapy that uses real time CT imaging to automatically adjust the radiation field during treatment to account for patients' movements. Treatment is painless, and usually takes about 20 minutes. The technology, called Omnibeam, was inspired by auto industry technology that is used to detect defects in engine blocks. Beaumont says its patients are the first worldwide to be treated with Omnibeam.

St. Mary Mercy aims for \$5M for centers

St. Mary Mercy Hospital in Livonia announced a \$5 million campaign to help fund a \$27 million project to build two new centers, one for cancer and one for heart and vascular care. The hospital has raised more than \$3.8 million — including a \$1 million anonymous donation for the cancer center, which opened Thursday.

PUBLISHING

Journal Register Co. names Wright as CEO

Newspaper publisher **Journal Register Co.** has appointed Scott Wright to the post of president and chief operating officer. Wright had previously been senior vice president for the company's Michigan cluster and was president and publisher of **The Oakland Press**.

GAMBLING

Chippewa tribe names Arenac County casino

STANDISH, Mich. — The Saginaw Chippewa Indian Tribe has selected a name for its new casino in Arenac County: **Saganing Eagle's Landing Casino**. Spokesman Frank Cloutier told **The Bay City Times** the tribe is on track to open its Standish-area casino by year's end. It also bought a 50-slip marina about two miles from the new casino site. The tribe also owns and operates the **Soaring Eagle Casino and Resort** in Mount Pleasant.

Detroit News staff, wire and Bloomberg News reports.

Howes

Continued from Page 1C

ancient days of her last State-of-the-State? Or to pledges by the GOP to take on the teachers unions, an apparently untouchable beneficiary of state largesse?

What happened to pooling the health care of teachers with health care of public employees, a potential savings of \$200 million annually? Out. Pension reform? Out. Consolidation of municipal services? Mostly out, unless driven at the local level.

Exactly what specific reforms would the governor, her Democrats and the GOP embrace, in

Gaming

Continued from Page 1C

and Detroit.

The shift will be made by April 30 or sooner, state officials said this week.

"It is a major move for the employees," said Liz Boyd, press secretary to Gov. Jennifer Granholm. "But it's important to know that these are very tough times in state government."

Some employees upset over the pending move already are looking for work closer to home.

Matthew Clark, a financial analyst with the board, will start at a new job on Monday with the Michigan Treasury Department in Lansing.

"I love my job," Clark said. But, "there is no way I can afford to commute to Detroit. I can't sell my house in this market. The housing market is really poor around here. There are 'For Sale' signs posted all over the place. Houses just aren't moving."

General fund to get a boost

The move will give the state a cash infusion.

The gaming board currently leases two floors in the Abbott Center in East Lansing for

Local spotlight

Heat woes make firm 'Champions of Chill'

■ When companies have emergency heating or cooling problems, it's Mobile Air to the rescue.

By MAUREEN MCDONALD
Special to The Detroit News

MADISON HEIGHTS — It's getting hotter by the minute in one of the buildings serviced by Madison Heights-based Mobile Air Inc. The property management team can't fix it. The computers threaten to overheat and productivity slows to a standstill. Enter the "Champions of Chill."

"We're Plan B, when the internal team can't readily resolve a cooling system malfunction. We'll work around the clock to help protect a client's environment," said co-owner Chris Meso, whose company takes in \$10 million annually in sales, has 48 employees, seven warehouses in four states, and 22 large delivery vehicles at the ready. Its newest sales literature features cartoon superheroes "Champion of Chill," who travels "faster than a rolling brownout," and "Hero of Heat," who works "faster than a speeding cold front." The 48-member team of Mobile Air, stationed in Madison Heights, Grand Rapids, Chicago, Indianapolis, Cincinnati, Columbus and Cleveland provides heating, ventilation and air conditioning solutions to companies with emergency or ongoing needs.

A cooling system housed in a semi-trailer helps keep the collections of the Detroit Institute of Arts cool and dry through the museum's three-year renovation. A smaller system kept the computer room humming and technology equipment functioning after a weekend brownout at St. John's Hospital in Detroit. A construction crew at Greektown Casino requires cooling in summer and heat in winter to operate at peak efficiency before permanent HVAC systems are installed.

"Humidity is a big problem because wood floors warp, ceiling tiles come unstuck and paint doesn't adhere to drywall," said Dave Pettijohn, general superin-



Wayne E. Smith / The Detroit News

Mobile Air co-owner Chris Meso checks out equipment. "We'll work around the clock to help protect a client's environment," he says.

Mobil Air, Inc.

■ **Specialty:** Providing temporary heating, cooling, dehumidification and air purification for properties in multiple locations.

■ **Owners:** Chris Meso and Mark Henry

■ **Contact:** (800) 596-0800 or www.mobileair.com

tendent for Skanska USA Building Inc. The construction company is expanding the Greektown Casino with the help of Mobile Air's equipment.

"You need heat in winter to be able to pour concrete and assure it won't freeze."

Pettijohn said he has worked with Meso and the Mobile Air team for 14 years on numerous projects, helping create a climate conducive to construction workers and a system that protects the built environment. He counts on the firm to have a full stock of electrical cable wire, air conditioning, dehumidifying and heating units.

Customers can buy or rent small units that cool or heat a 1,000- to 5,000-square-foot area. For an emergency situation like Katrina, the U.S. government rented a 50-ton unit that heats and cools 16,000 cubic feet per minute. The custom-built unit cost \$170,000. Only a handful of

companies provide all-weather climate systems for temporary use, according to Meso, who developed an interest in HVAC systems while attending Ferris State University in Big Rapids. A professor told him opportunities were surging, especially for individuals who find the right niche. Numerous business owners laughed at Meso when he made door-to-door calls, yet the same individuals cheered him when he arrived in emergency situations.

Providing the stock of heating and cooling units for emergencies and ongoing needs means maintaining a big warehouse and a large team of electricians and mechanics. Meso said employees get background checks by Michigan State Police so they can work events ranging from U.S. presidential rallies to lodging for hurricane victims.

"The more technology advances, the better we can serve people's needs. We have machines that can operate with outside temperatures from zero to 105. We've adapted military models to business uses," Meso said, noting people are happy to see his technicians when they arrive.

They sweat less, literally and figuratively.

Maureen McDonald is a Metro Detroit freelance writer.

People on the move

Automotive

Cooper-Standard Automotive, Novi, appointed **Richard S. Leicht** director, planning and cost.

Consulting

Urban Science, Detroit, appointed **Amy Reed** global marketing director.

Medical

Dr. **Susan Sevensma**, director of medical education for Metro Health Hospital, Grand Rapids, was named Michigan Osteopathic Association president.

Nonprofit

Victor Abla, executive director of the Detroit Local Initiatives Support Corp., was selected to participate in Leadership Detroit's



Reed



McLaughlin



Aikens

Class XXIX, a program created by the Detroit Regional Chamber.

Public relations

Patrick McLaughlin, APR, an account manager at Airfoil Public Relations, Detroit, was appointed to the Public Relations Society of America's Board of Ethics and Professional Standards as ethics publicity issues liaison.

Real estate

Robert B. Aikens & Associates LLC, Birmingham, promoted **G. Scott Aikens** to vice president of leasing.

Send hiring and promotion announcements to Jasti Simmons, 615 W. Lafayette, Detroit, 48226, fax (313) 222-1461, or e-mail newsmakers@det-news.com.

CMS Energy may spend \$6.08 billion

By GREG CHANG
Bloomberg News

CMS Energy Corp. said it may spend as much as \$6.08 billion on capital investments from 2008 to 2012 at its Consumers Energy utility, Michigan's second largest.

CMS plans to spend \$3.63 billion maintaining the utility's power system, reducing pollution and expanding service to new customers, Consumers Energy President John Russell said Thursday at a meeting with analysts in New York. The company also plans to spend \$2.45 billion on projects including the con-

struction of a new coal-fueled power plant and purchase a gas-fueled plant, he said.

The Jackson-based company, which once had operations in more than 26 countries, sold off overseas assets to pay off debt and focus on Consumers Energy. CMS this year began paying dividends for the first time since 2002.

"It's really almost all about the utility," Chief Executive Officer Dave Joos said in a presentation at the meeting that was broadcast on the Internet.

DTE Energy Co.'s Detroit Edison is Michigan's largest utility.

Auction

Continued from Page 1C

created a lot of business for companies like Hudson & Marshall," Wright said. "It's definitely unfortunate for the original homeowners, but the foreclosure market is creating a lot of opportunities for some would-be buyers that may have felt priced out of it before."

The firm held its last auction in Detroit back in May, when about 300 homes hit the block; similar-sized events have been planned throughout the fall in cities across the country.

The auctions are the end result of a rash of foreclosures nationwide, many caused by payment defaults in adjustable-rate mortgages as the loans' interest rates have reset to higher levels — along with the payments.

As homeowners fell behind on the mortgage payments for their houses and condominiums, banks took the properties back and attempted to sell them to recoup their costs. But an oversupply of properties and a lack of buyers have left many of those foreclosed homes sitting stale on the market, while still draining funds from the banks to pay for utilities, maintenance and insurance costs.

Many of the homes up for auction this weekend will sell for well below their market value, according to David Webb, a Hudson & Marshall executive in charge of the company's home auction division.

Most have an undisclosed minimum reserve price, although some marked as "absolute sales" will go for the highest price, however low it may end up being. The company says more than 90 percent of winning bids are accepted on properties, which are being sold "as is."

Wright said both the frequency of the company's auctions and the number of homes sold have increased as the nationwide resi-

dential real estate market weathers a rough and tumble downturn. Michigan's market has been particularly hard hit, with Metro Detroit home prices falling quickly as foreclosure rates have skyrocketed.

In August, the state had the sixth highest number of foreclosure filings in the nation, a total of 15,565, according to data released earlier this week by RealtyTrac, an Irvine, Calif., company that tracks such data. That's the equivalent of one filing for every 288 homes, an increase of 126.68 percent over last year.

A majority of those foreclosures are concentrated in southeast Michigan. Wayne County, for example, ranked fourth among U.S. metropolitan areas in foreclosures last month, according to RealtyTrac. Other states with high foreclosure rates include Nevada, California, Florida and Arizona.

Bill Nazur, a Los Angeles-based foreclosure market expert, said this weekend's auction could prove to be fruitful for buyers and investors seeking a good bargain, but he speculated that turnout at the event could be stymied by the region's huge glut of homes.

If the 2007 Wayne County Property Auction held earlier this week is any indication, he could be right. County Treasurer Raymond J. Wojtowicz called that auction off Tuesday after only 205 of 2,600 properties were sold to reclaim unpaid tax debts.

Nazur said lucky buyers willing to take the properties on as long-term investments could stand to turn decent profits. But, he cautioned, auctions like these are no way to make a quick buck.

"These are long-term investment properties," Nazur said. "If you're buying in an area like Detroit with all of that inventory, you're not going to turn a profit overnight."

You can reach Nathan Hurst at (313) 222-2293 or nhurst@det-news.com.

clear terms, in exchange for the tax increase both parties now agree is inevitable?

A rework of employee benefits couldn't deliver enough savings to avert a shutdown, nor is there enough time. But legislation beginning the process would show the Dems are doing more than mouthing the word "reform" and calling it a day.

Weigh options: Stay or go?

Fourth, how is it fair or smart politics for Democrats to protect their pals in public sector unions — teachers, police and fire — while their brothers and sisters in the auto industry are taking buyouts, smaller pay raises and slimmed benefit packages just to

keep their companies afloat?

Tell us how you explain to recently retired auto workers fearing for their pension and health benefits that they have to pay higher taxes so their pals in the public sector won't be asked to do the same.

Answer: You can't, and sooner or later they'll wake up to the rank hypocrisy and fight back.

Fifth, exactly how would a government shutdown at month's end benefit Republicans or Democrats or Granholm? It wouldn't. Nor would it bolster the state's bond rating or repair its image as the sickest state in the industrial Midwest.

And sixth, why would any college grad who has options or

CEO whose business is mobile, stay where leaders won't lead because it's a) too hard and b) their politics, right and left, get in the way? They wouldn't.

The state is where the Detroit auto industry was in 2004, denying its dysfunction and clinging to the past. Massive losses exposed how broken the auto business really was, and it's happening again — to Michigan.

Daniel Howes' column runs Mondays, Wednesdays and Fridays. You can reach him at (313) 222-2106, dhowes@detnews.com or http://info.detnews.com/daniel-howesblog. Catch him Fridays with Paul W. Smith on NewsTalk 760-WJ.R.

\$582,000 a year from a private landlord. That money comes out of the funds collected from the three Detroit casinos and 18 Indian casinos in the state. No money for operating the gaming board comes from the state's general fund.

With the board's move to Cadillac Place, the \$582,000 in rent now can be paid to the state, according to officials with the state's Department of Management and Budget office, which is coordinating the move. They admit it's a way for the state to get its hands on money that is restricted for use only by the gaming board.

The state, which is trying to resolve a \$1.8 billion budget deficit, will put the money into its general fund.

Move hits key employees

The gaming board already occupies a satellite office in Cadillac Place for those who work closely with the three Detroit casinos. But the administration and others, who deal with casino suppliers and Indian casinos mostly in northern Michigan, are housed in the East Lansing offices.

Richard S. Kalm, executive director of the board, said he is concerned about the impact of the move on employees. For his part, the move will make Kalm's com-

mute shorter because he lives in Romeo in Macomb County.

"I don't want to lose anybody," Kalm said. "But I do know that some of our people already have taken other jobs. It's not pleasant. I'm not excited about it. But this decision was made and since I head the agency it is my job to get it done."

"I'm going to try to minimize the impact on personnel and keep this place running efficiently."

Kalm was not involved in the decision to relocate the headquarters.

He said his biggest concern is the human factor and the impact on long-term employees, some of whom have been with the agency since it opened in 1997.

The move involves key and experienced employees in such areas as administration, investigation, financial analysts and recordkeeping.

The relocation also involves support staff such as clerical and secretarial workers.

Space available in Detroit

Some gaming board employees argue the personal economics of relocating to Metro Detroit just don't make sense.

Many employees have spouses already working in the Lansing area and can't move their house-

hold.

Those who chose to commute would pay city of Detroit income taxes, parking and extra fuel costs. The commute also would mean time away from families.

A straw vote by employees indicated that most felt they would leave rather than take the transfer, workers said.

Some of the workers believe that Gov. Granholm ordered the move to help the financially ailing city of Detroit.

But Edward Woods III, a spokesman for the Michigan's Department of Management and Budget, said it is a win-win solution for the state, getting it out of a private lease and utilizing empty space in Cadillac Place.

He said that the 1.3-million-square-foot office building in Detroit's New Center area is more than 10 percent vacant; the gaming board move will lower the vacancy rate to 9.5 percent.

"It's a major impact on the employees," Woods said.

"It is a challenge to sell a house with these market conditions. I'm sympathetic to their concerns."

"But it's their choice if they want to make the move."

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The Detroit News

Tuesday, September 25, 2007

detnews.com

Metro Edition

GM-UAW STRIKE

'Off a cliff'

UAW felt pushed over edge; GM 'disappointed' by walkout

Tactics from 1970 don't fit '07 reality

Just when it looked like Detroit's auto industry was poised for a breakthrough deal, the United Auto Workers strikes General Motors Corp. and we're back to 1970 all over again.

But it's not 1970, except here in Michigan. GM doesn't dominate its home market; foreign-owned rivals do. The UAW doesn't represent the growing work forces at rivals operating down South



DANIEL HOWES

— and probably won't anytime soon should this walkout become a recruiting poster for anti-UAW forces from Alabama to Texas.

What happened? For most of the 10 days since the Sept. 14 contract deadline, the signs pointed toward a contract in the most consequential bargaining this industry has seen in two generations. UAW President Ron Gettelfinger signaled the union's desire to avoid a costly walkout, even as GM

Please see Howes, Page 7A

6 PAGES INSIDE

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Workers nationwide man lines. 7A

VOICING OPINIONS
Editorial, readers share views. 10A

SHORT STRIKE PREDICTED
Investors, experts not worried. 1C

FROM \$800 TO \$200
Weekly pay checks to take hit. 3C



Todd McInturf / The Detroit News

United Auto Workers members listen to UAW President Ron Gettelfinger on the radio at the GM Pontiac East Truck & Bus Assembly Plant. At 11 a.m. Monday, Gettelfinger ordered 73,000 GM workers nationwide off the job and onto the picket line.

Key issues

Job security

The union wants GM to lock in future work for U.S. factory workers by promising jobs, product commitments and investments in U.S. plants. As of Monday evening, those demands had not been met.

Source: Detroit News research

Wages, bonuses

The union wants cost-of-living adjustments from GM. A sizable signing bonus also has been on the table as a way to encourage members to ratify a deal.

Pension

The two sides were discussing pensions throughout the day Monday. GM's pension fund has an estimated \$17 billion surplus.

Two-tier wages

The two sides were close Sunday night on cutting a deal that would pay new hires less than active workers, according to sources familiar with the talks. That issue was still on the table Monday.

Retiree health care

GM wants to establish a company-funded, union-run trust that will allow it to remove \$50 billion in retiree health care obligations from its books. While a deal on a Voluntary Employees' Beneficiary Association, or VEBA, has not been finalized, both sides appear to agree on the concept.



Workers picket; talks resume



Prolonged stoppage could prove to be devastating for both

By BILL VLASIC AND SHARON TERLEP
The Detroit News

The United Auto Workers stunned General Motors Corp. on Monday by launching a daring, nationwide strike to pressure the No. 1 U.S. automaker to protect jobs and wages. Hours later, the two sides resumed bargaining on a new labor contract.

After a tense weekend of negotiations, the auto talks of 2007 boiled over at 11 a.m. Monday when UAW President Ron Gettelfinger ordered 73,000 workers off the job and onto the picket line in the first national strike against GM in 37 years.

The dramatic impasse came after marathon talks since the current GM-UAW contract expired Sept. 14, and sets the stage for a high-stakes battle at the bargaining table.

While workers left GM plants across the nation, negotiators for the union and the company went back to the bargaining table Monday afternoon.

Key issues under discussion included benefits for active workers, commitments by GM to invest in its U.S. plants and pensions, according to people familiar with the talks. Gettelfinger attended the sessions, as well as GM's Chief Financial Officer Fritz Henderson and North American President Troy Clarke. Negotiations broke off for the night about 8 p.m. and are expected to resume today.

The bargaining focus on core economic issues came after Gettelfinger blasted GM on Monday for demanding a litany of concessions from the UAW to solve its financial problems.

"Nobody wants a strike," Gettelfinger

Please see Strike, Page 6A

detnews.com Latest updates, photos, reaction at detnews.com

FBI CRIME REPORT

Metro Detroit crime soars

Thefts, other property crimes spike. Detroit murder rate jumps in '06.

METRO, 1B; FIND YOUR CITY AT DETNEWS.COM

Budget impasse may further bruise state's image

By CHARLIE CAIN AND ROBERT SNELL
The Detroit News

LANSING — A looming government shutdown would have a devastating economic impact on a state that already has suffered crippling and persistent unemployment and an auto industry in the painful midst of a global



transformation, say business and economic development experts.

Perhaps most damaging is the public-relations hit the state is

taking and a view among entrepreneurs and CEOs that budget squabbles and the possibility of higher income taxes are reasons to invest elsewhere, experts said

"It would be a big black eye in terms of Michigan's image," said Jim Barrett, president of the Michigan Chamber of Commerce.

The legislature and Gov. Jennif-

er Granholm on Monday made little headway toward a deal to keep state government operating next week. The state faces a \$1.75 billion budget shortfall. The GOP-led Senate is insisting that pro-

Please see Image, Page 5A

Advocacy groups apply heat. 5A

IN OTHER NEWS

Iran's leader takes heat at N.Y. college. 4A

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COMING TOMORROW:

2008 FORD FOCUS



“I was praying they had pens in their hands. The stakes are too high with this one.”

MARY MCCRAE, window installer at GM's Pontiac East assembly plant

“Every hour this goes on is another hour with no money coming in. ... It's best for everyone's sake if they get the plants up.”

ARVIND NEHTA, a contract IT worker for GM



Elizabeth Conley / The Detroit News

Workers picket at the GM Lake Orion Plant. UAW President Ron Gettelfinger ordered 73,000 workers off the job and onto the picket line at 11 a.m. Monday in the first national strike against GM in 37 years.



Charlie Cortez / Special to The Detroit News

Bill Jordan, leader of UAW Local 599 in Flint, stands in the lobby of the office waiting for a phone call with good news. The call never came, forcing UAW workers to strike against GM.



Charlie Cortez / Special to The Detroit News

Autoworker Bruce Gage, a member of UAW Local 599, walks the picket line at the GM Powertrain Plant in Flint after walking off his job at 11 a.m. Monday. The plant was emptied of its workers within a half-hour.



Dick Whipple / Associated Press

GM workers nationwide, including members of UAW Local 31 at the GM Fairfax Assembly Plant in Kansas City, Kan., took to the picket lines Monday.

Howes

Continued from Page 1A

expressed optimism it would reach a deal to dramatically improve its competitiveness without harming workers.

Not anymore. In one swift act, the UAW jumped from the small artillery of local “bottleneck” strikes to nuclear weapons, sending all 73,000 UAW-GM members out on strike for the first time in 37 years. After this, which began at 11 a.m. Monday, there is nothing left in the union’s arsenal.

Short-lived? Or slow death?

The move sends two messages: First, that the union will not be pushed into a concessionary contract it can neither swallow nor get its locals to ratify. Nor will it accept one without recompense, namely guarantees — to the extent there can be guarantees in a dynamic global industry — of new products and continued investment in U.S. plants.

Second, a national strike that lasts beyond a week or so would give dues-paying members a taste of a life lived on \$200 a week in strike pay instead of a GM paycheck with GM benefits, arguably making them more amenable to ratifying a distasteful, concessionary deal that ensures their jobs.

“We believe the work stoppage will be short-lived and is being



Todd McInturf / The Detroit News

Motorists yell and wave in support of UAW workers near the GM Pontiac East Truck & Bus Assembly Plant. The UAW and GM resumed talks Monday afternoon.

used by the union’s leadership as an instrument in preconditioning the constituency to accept more concessions, not fewer,” says Brett Hoselton of KeyBanc Capital Markets.

“We’ll see. For union members in Michigan, with its 7.4 percent unemployment rate, imploding state budget and all-but-certain rising tax bills, the prospect of an extended walkout could be especially difficult and stinging.

“It’s a rotten time for a strike,” says Sean McAlinden, chief economist of the Center for Automotive Research in Ann Arbor. “The negotiations will be more meaningful in the absence of production and paychecks. The loss of pay will be felt more by workers

than the loss of production by GM.”

This is a bold, even risky, move by Gettelfinger & Co. In one stroke, the union essentially puts all its muscle behind the push to get a deal with GM; reduces the likelihood of a similar move at Ford Motor Co. and Chrysler LLC; and imperils union organizing efforts in some parts of the country.

For Michigan, it couldn’t come at a worse time. Facing the likelihood of a state government shutdown and what that says about the dysfunction and leadership vacuum in Lansing, the strike puts even more people out of work, reinforces Michigan’s image as a retrograde labor

stronghold and amounts to one more blow helping to bring a stumbling state to its knees.

‘Heat, light’ goes national

Welcome to uncharted territory for the UAW leadership. Not since the mid-1970s, roughly a decade before Toyota Motor Corp. opened its first U.S. assembly plant, has the union ordered a national strike against one of Detroit’s automakers.

In union parlance, this is the “heat-and-light show” writ large — the union turns up the heat until the company sees the light. Except that this company, GM, and its crosstown rivals are less the Big Three of old than they’ve ever been.

They’re bleeding cash. Their market share is declining. Their debt is rated “junk.” They’re growing overseas where they are unencumbered by 70-plus years of tradition, bargaining history and a crushing, backward culture. They’re selling assets so furiously that they look like companies either preparing for a confrontation with labor or in partial liquidation or both.

Most importantly, their competition isn’t standing still. The Chinese and the Indians are pushing the Koreans. The Koreans are pushing the Japanese. The Japanese are pushing the Germans, French, Italians and Americans.

Denying or denouncing the

competitive labor-cost imbalance of roughly \$20 an hour between Detroit and its Asian competitors operating in the United States may make some feel better, but it won’t make the numbers any smaller or less consequential.

It’s not about the past

Gettelfinger was right when he said Monday that his members had given a lot over the past two years, that they had acquiesced to a deal on retiree health care in ’05, that they had accepted massive buyouts and plant closings in ’06, that they had reluctantly accepted the climb-down in the settlement of the Delphi Corp. bankruptcy.

“It does seem odd to us that as much as workers do, they can’t do enough,” Gettelfinger says, “and as much as executives get, they can’t get enough.”

But this strike and these ongoing negotiations aren’t about the past, who’s to blame or the glory days of 1970. They’re about whether GM and the UAW can chart a future together in the United States that recognizes what the market and economic reality are — not what they want them to be.

Daniel Howes’ column typically runs Mondays, Wednesdays and Fridays. You can reach him at (313) 222-2106, dchowes@detnews.com or http://info.detnews.com/danielhowesblog.