

**Submission for the Record  
To the U.S. House Committee on Financial Services**

**Statement of  
Robert Fianco  
Wayne County Executive**

**November 19, 2008**

My name is Robert Ficano, and I serve as County Executive for the tenth largest county in the United States, Wayne County, Michigan. Southeast Michigan is home to the “Big Three” domestic automotive companies. I appreciate the opportunity to submit testimony for the Committee’s consideration. As the Committee begins to examine the state of the automotive industry, I would like to bring to mind a quote from automotive pioneer, Henry Ford, to help set the stage for a Congressional response to the automobile industry’s need for increased financial assistance: “Coming together is a beginning. Keeping together is progress. Working together is success.”

Thank you and congratulations to Members of Congress for working together to pass the most recent economic stimulus package. The legislation allows the automotive industry to secure low-interest loans for retooling plants and moving forward with research and development. This is one step forward in stabilizing the industry. However, more direct assistance is necessary – the automobile industry remains in a perilous economic position, which has a significant, negative impact on the State of Michigan and, in particular, Wayne County. More direct financial support and intervention are needed as the auto industry continues to suffer and millions of jobs are in jeopardy.

Congress correctly perceives this as a national problem with severe consequences. The automotive industry is the largest sector of our manufacturing industry in the United States. According to the National Center for Manufacturing Sciences, government assistance to the

automotive industry for research and development will enable innovation of infrastructure into all sectors of manufacturing. New products and technology, frequently cultivated in the automotive sector, have spun off to other industries such as green technology, alternative energy, medicine, and aerospace, to name just a few. The assistance from the federal government should be viewed as an opportunity to infuse new growth. Building new infrastructure can also lead to better safety and security of intellectual property.

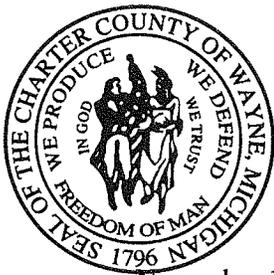
Wayne County is home to nearly 2 million residents, as well as Ford, General Motors, and 17 automotive plants. According to the Southeast Michigan Council of Governments (SEMCOG), Michigan lost more than 87,000 automotive manufacturing jobs between 2000 and 2008. The total job loss, including suppliers and spin off businesses, for the region was 13% or 254,000. As widely reported, unemployment rates in the region are significantly higher than the national average since 2001, 8.5% compared to 6.1% nationally. Over the past 7 years, nearly 160,000 people have moved out of Southeast Michigan. The loss of automotive jobs triggers tremendous ripple effects on business, housing market, and Michigan has experienced a severe decline in its tax base. SEMCOG has forecasted that the loss of another 50,000 jobs in the automotive manufacturing sector will have an immediate and severe impact totaling in an additional loss of 7% or 190,000 jobs.

According to the Center for Automotive Research (CAR), immediate collapse of the industry would result in nearly 3 million lost jobs. An estimated 239,341 jobs would be lost at the “Detroit Three” and another 973,696 indirect or supplier jobs and 1.7 million related jobs also would be lost. Federal assistance is much needed and should be viewed as an opportunity to stabilize the industry and prevent the economy from faltering further. According to General Motors, the cost to local, state, and federal governments could reach \$156.4 billion over three years in lost taxes, unemployment, and health care assistance.

Some define this Federal assistance as a bail-out, while it is really a loan to be paid back. I also urge Congress to view this as I do – and see it as opportunity to re-structure and grow the industry. The Federal government previously intervened, with great success, on behalf of Chrysler in 1980 and, more recently, the airline industry. The government’s investment prevented these companies from going bankrupt, which would have negatively affected employee pensions, vehicle sales, suppliers, dealerships, and related industries.

On a final note, I want to mention one underlying problem that perhaps escaped much scrutiny. I urge Congress to commit once again to tackling the health care cost and access problems facing our nation. Our public leaders across the board must commit to making health care more affordable. Skyrocketing health care costs are affecting business and government equally. It is time to reevaluate our national health care policies before all businesses are forced to seek government assistance.

We in Wayne County strongly advocate bipartisan Congressional Leadership and intervention to assist the automobile industry. Attached to this statement is a letter I sent last week to the President and President-Elect as well as House and Senate Congressional Leadership. The collapse of one or more of the “Big Three” automakers could put millions of jobs across our country at stake. As a nation, we cannot allow such a vital systemic part of the American economy to collapse under the current financial crisis. To successfully survive the global credit crunch, it is imperative that automakers receive financial assistance to remain viable and competitive. Henry Ford stated that “most people spend more time and energy going around problems than in trying to solve them.” On behalf of our people, thank you for your timely consideration on such an important issue for the citizens of our nation, Michigan and Wayne County.



November 13, 2008

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County Executive

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The Honorable George W. Bush  
President of the United States  
1600 Pennsylvania Ave., N.W.  
Washington, D.C. 20500

The Honorable Nancy Pelosi  
United States House of Representatives  
235 Cannon House Office Building  
Washington, D.C. 20515

The Honorable Barack Obama  
President-Elect of the United States  
The Office of the 2008 Presidential Transition  
Washington, D.C.

The Honorable Harry Reid  
United States Senate  
528 Hart Senate Office Building  
Washington, D.C. 20510

Dear President Bush, President-Elect Obama, Speaker Pelosi, & Majority Leader Reid:

We in Michigan appreciate your speedy response to the automobile industry's need for increased financial assistance. Currently our nation's automobile industry is in a perilous economic position which has had a significant negative impact on the State of Michigan and, in particular, Wayne County. While we applaud the effort in retaining the \$25 billion direct loan program for automakers that was included in the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act (P.L. 110-329), more direct assistance and intervention is needed as the industry continues to suffer and millions of jobs are in jeopardy.

As you are aware, Wayne County is the home of two major corporations in the domestic automobile industry – General Motors and Ford Motor Company. General Motors, for example, is doing its part to bring alternative fuel and advanced technology vehicles, like the Chevy Volt, to the market. The current market and economic conditions threaten progress. This also affects other automakers and suppliers, who make critical components and contribute significantly to our nation's economy.

We strongly urge Congressional and Presidential leadership and intervention to assist the automobile industry. Just last week General Motors announced that it may not have enough capital readily available to operate its business into the middle of next year. The collapse of one or more of the "Big Three" automakers could put three million jobs at stake. We cannot allow such a vital systemic part of the American economy to collapse under the current financial crisis. To successfully survive the global credit crunch, it is imperative that automakers receive financial assistance to remain viable and competitive.

Thank you for your timely consideration on such an important issue for the citizens of our nation, Michigan, and Wayne County. Please do not hesitate to contact me if you have any questions or comments, or if we can assist your efforts in any way.

Sincerely,

Robert A. Ficano  
Wayne County Executive