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## **Can auto industry get Detroit's economy motoring?**

**By Paul Adams** BBC News, Detroit

**Long before Motown, the percussive sounds of the assembly line were the real rhythms of Motor City. And despite everything, they still are.**

In the early days of the Obama administration, it all seemed less and less viable.

After years of steady decline, and despite injections of cash from Washington, fear gripped the auto industry.

Eighteen months later, things have changed in Detroit.

The big three car companies, Ford, General Motors and Chrysler, are all making money again.

There are jobs, new models that consumers want to buy, and taxpayers will soon start to get back the billions of dollars used to bail out GM and Chrysler.

After the horrors of last year - the restructuring and the layoffs - there's a mood of deliberately cautious optimism in corporate headquarters.

"We're very optimistic," says an executive of one of GM's big brands, speaking at the company's headquarters in Detroit's Renaissance Centre - a name which for years sounded merely ironic but now seems justified.

"We're not declaring victory in any way, but it tells us we've got a chance to succeed."

### **'A brutal experience'**

The executive is anxious to point out that the changes in his brand's fortunes began well before the bankruptcy of 2009.

Manufacturing jobs are returning to Detroit following the US bail-out package

Indeed, there's an extreme reluctance to talk about the bail-out - how it has affected GM's fortunes and what the coming months and a widely-anticipated initial public offering will bring.

It's hardly surprising. It was a bruising, brutal experience, popularly perceived in the same unflattering light as the banks on Wall Street getting a handout while Main Street suffered in silence.

But the fact remains that the Obama administration's intervention in the fortunes of Detroit has clearly worked.

It's not hard to find confidence among Detroit's GM dealerships - those that survived a savage nationwide cull.

"Business for the better part of two-and-a-half years has been profitable," says general manager Paul Zimmermann.

"Sales are up. Credit is loosening up to the point where people are getting financed easier than they have been in the past two years."

Mr Zimmermann puts his dealership's success down to common sense and sheer hard work, not a government intervention to save the auto industry.

"You've got to give them a way to stay healthy and stay engaged."

### **Hollywood interest**

While the debate over what the government can or should do to stimulate the economy rages in Washington, the state of Michigan continues to look around for its own solutions - like attracting Hollywood.

Since 2008, Michigan has offered huge subsidies, worth up to 42% of production costs, to companies willing to film in the state.

A year before the tax incentives were adopted, just three films were in production in Michigan.

In 2009, the number jumped to 52, with this year's total expected to be higher still.

In the past, Detroit has been asked to assume such improbable identities as Paris, but in the ABC television network's new crime drama series, Detroit 1-8-7, it plays its own suitably gritty self.

The crew is from Los Angeles, but the production has brought in plenty of local hires.

"For us, it means the world," says Kyle Bott, of Detroit catering company Queen of Cups. Mr Bott's corn chowder is keeping the crew happy as a scene is filmed in a dilapidated pool hall just a mile (1.6km) from the city's downtown.

"It's a beautiful thing to have the film crews here. It's money in our pockets. We have so many people out of work throughout this city," he says.

Over 50 film crews used in Michigan in 2009

A recent study by Michigan's Senate Fiscal Agency suggests the state is spending twice as much on incentives as it is actually making from the industry.

But Jim Burnstein, a screenwriter, teacher and vice-chairman of the Michigan Film Office Advisory Council says the impact on the local economy has been "phenomenal".

"Movies are cool. Cool places keep people around. If they stay, good things will happen," he says.