Geography of Auto Production:
Will Detroit Continue to be Industry’s Hub?

Federal Reserve Bank of Chicago
Detroit, November 3, 2003
Current Geography and Longer Term Perspective

James Rubenstein
Miami University (Ohio)
Current geography

• Underutilized assembly plants
• Changing supplier location
Ford Assembly 1995
GM Assembly Plants 1995

- Flint Pontiac
- Hamtramck
- Orion
- Lansing M
- Wilmington
- Baltimore
- Lordstown
- Fort Wayne
- Moraine
- Newark
- Arlington
- Oklahoma City
- Fairfax
- Wentzville
- Shreveport
- Janesville
- Buick City
- Tarrytown
- Linden
- Wilmington
- Doraville
- Spring Hill

Capacity utilized:
- Triangle (Car): More than 90%
- Circle (Truck): Less than 90%
GM Assembly Plants 2003

- Flint Pontiac
- Hamtramck
- Orion
- Lansing M
- Wilmington
- Baltimore
- Lordstown
- Fort Wayne
- Moraine
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- Shreveport
- Oklahoma City
- Wentzville
- Fairfax

Capacity utilized:
- More than 90%
- Less than 90%
Parts Plants by state (%)

States with at least 2% of all plants

1995  2003

2  2
3  3
5  5
11 10
6  6
3  3
3  3
4  4
2  2
1  2
2  1
The longer term

• 5 years
• 100 years
“Reality” Today: Big 3

- GM building vehicles to fund health and pensions
- Ford in disarray
- Chrysler no longer a Big 3

But realities change quickly
“Reality” 5 years ago:
Big 3

• Closed quality gap
• Closed productivity gap
• More profitable
“Reality” 5 years ago:
Toyota

- Aging demographics
- “Kaizen” out-of-control
“Reality” 5 years ago: Honda

- Selling cars in a truck market
- Too small to remain independent
“Reality” 5 years ago:

Nissan

• Lost money even in boom ’90s
• Renault to the rescue – seriously??
The longer term: 20th century

• GM and Ford have increased sales
The longer term: 20th century

- GM and Ford top two in sales
The longer term: 20th century

• GM and Ford have made money
The longer term: 20th century

• GM and Ford have survived worse
Ford awarded highest Nazi honor

Battle of the Overpass
Durant bankrupts GM twice

Unsafe at any speed