This town can take a punch.

When Mitsubishi Motors slashed more than a thousand high-paying manufacturing jobs at its assembly plant here three months ago, the Japanese automaker delivered what for many municipalities would have been a financial knockout blow.

Time and again, the sudden loss of longstanding industrial jobs has devastated communities across the Midwest. This time, however, it's different.

Attractive homes are still going up in the corn fields on the community's outskirts. Business in the downtown shops appears brisk, and plans for a big new Meijer store on College Avenue are still moving ahead.

The Bloomington/Normal area is weathering the major hit to its manufacturing base in large part because its economy is more diversified than many other Illinois towns that have seen major industrial employers close or cut back.

Further, the region hasn't felt the economic pain because the pain has been deferred: The newly unemployed autoworkers' lush benefit package allows them to collect as much as 80 percent of their weekly wage for at least a year.

As a result, Normal has yet to see the belt-tightening that households typically impose when the paychecks stop coming, such as cutting back on restaurant meals, or postponing the purchase of cars or appliances. The punishing ripple effects from those predictable efforts to economize have not materialized.

"We're seeing little bits" of economic fallout from the firings, said Normal Mayor Chris Koos, "but that's more to do with a loss of consumer confidence" than with financial difficulties.

No question, Normal is more fortunate than many other Midwest towns--so far. If it can hang on to the commercial advantages that have cushioned the impact of Mitsubishi's problems, Normal could be a model for communities seeking to rebuild after being devastated by the loss of manufacturing jobs.

Yet Normal's future is by no means assured.
On one hand, the community is blessed with a solid base of white-collar jobs. State Farm Insurance, headquartered in the twin city of Bloomington, employs a whopping 14,000 people in the area. And Illinois State and Illinois Wesleyan Universities also provide thousands of stable jobs.

Even after Mitsubishi's cut, said Bloomington Mayor Judy Markowitz, "We went from having the best unemployment rate in the state to, I think, the second-best." Indeed, the unemployment rate went from a lowest-in-the-state 3.3 percent in July to a still-enviable 4.0 percent in November. Statewide, the rate is currently 6.0 percent.

The region has benefited from a shift in the industrial sector, notes Mesirow Financial economist Diane Swonk. U.S. automakers have been cutting jobs of late, she said, but "just as that's happening, the rest of manufacturing is making something of a comeback."

Manufacturers such as Caterpillar Inc., in nearby Peoria, are enjoying a cyclical surge in business, she said.

"When a [major layoff] is done against the backdrop of other things improving, it's easier for an economy to absorb the shock," Swonk said.

Still, the Mitsubishi factory jobs that disappeared last autumn paid more than $26 an hour, which is exactly the kind of top-grade blue-collar work state officials were counting on when they lured the automaker to Normal with a costly package of benefits in the mid-1980s.

Mitsubishi was one of the last Japanese automakers to venture to the U.S., back when companies like Honda and Nissan were grabbing market share away from complacent American firms.

The so-called "transplant" factories that the Japanese firms built back then in towns like Marysville, Ohio; New Smyrna, Tenn.; and Georgetown, Ky., proved to be big economic spark plugs.

When then-Gov. James Thompson led the charge to persuade Mitsubishi to build its plant in central Illinois, he cited the thousands who would get the newly created jobs in the factory and the thousands more who would be put to work supplying Mitsubishi.

As it turns out, Mitsubishi appears to be the weakest of the transplant operations. Its brand never caught on in the U.S., its market share has dropped, and its corporate parent's finances are considered tenuous.

Citing plummeting sales, Mitsubishi slashed production at the Normal plant in October, and put 1,154 employees out of work by eliminating one of two shifts.
Mitsubishi's troubles are still deepening, fueling speculation that the company may eventually shut the Normal plant altogether.

If that happens, the remaining jobs at the plant--roughly 2,000--would fall away.

Michael Robinet, vice president of industry forecasting for CSM Worldwide, has grave doubts about the future of the plant and of the increasingly marginalized Mitsubishi brand in the U.S.

Mitsubishi always has been a niche player in the U.S. automotive market, but last year's big sales falloff brought the brand's market share below 1 percent.

"I find it difficult to believe that the plant is viable long-term given the current product set," Robinet said.

Despite such gloomy conjecture, few people in this no-nonsense town are waiting for the other shoe to drop.

"I feel confident the remaining shift is safe," said Koos, the mayor. "Mitsubishi has indicated to us that they will maintain production, and I'll take them at their word."

Mitsubishi flatly dismisses rumors of a departure. "We have no plans to leave. We're here in North America to stay," a spokeswoman said.

Yet earlier this month, the executive brought in as head of Mitsubishi's North American subsidiary only 16 months ago with instructions to turn the operation around unexpectedly resigned to join another firm.

Finbarr O'Neill's successor as head of Mitsubishi Motors North America is Rich Gilligan, who has been in charge of the Normal plant.

Mitsubishi's only factory in North America is "absolutely" viable, Gilligan said this week, but he added that over the longer term, "We have to increase sales to get through this."

Until then, the town waits, and the workers wonder.

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