

Column: Michigan's comeback accelerating

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(Photo: Dale G. Young)

The 2017 Michigan Economic Competitiveness Study was recently released by the Michigan Chamber of Commerce Foundation and Northwood University. The sixth annual study confirms that Michigan is making great progress at the state level since the Great Recession ended in 2009.

The first decade of the 21st century has been referred to as “Michigan’s Lost Decade,” in which Michigan’s economy was ranked at or near the bottom in key economic categories ranging from gross domestic product and wage growth to tax policy and job growth.

In fact, Michigan’s economy was the only one to have actual population loss from 2000-10 according to the U.S. Census Bureau.

Michigan’s population declined 0.6 percent, losing a net 54,804 people while the United States population increased 9.7 percent with the other 49 states adding more than 26 million people to the population.

The Great Recession saw the largest decline in United States GDP — 4 percent — and the sharpest increase in national unemployment, from 4.5 percent to 10.1 percent, since the Great Depression of the 1930s.

Michigan’s unemployment rate hit a peak of 14.9 percent in June of 2009. Economic conditions were far worse in Michigan with the bankruptcy of General Motors and Chrysler, and new automobile, sport utility vehicle and light truck sales reaching a 40-year low nationally of 10.4 million vehicles sold in 2009.

The 2017 study ranks Michigan No. 1 in the Great Lakes region and the ninthmost economically competitive state nationally. Michigan ranks sixth in real GDP growth, second in real per capita GDP growth and 3rd in personal per capita income growth since 2009, according to U.S. Bureau of Economic Analysis data. Michigan’s unemployment rate declined to 4.3 percent in September of 2017 according to recent data from the Bureau of Labor Statistics.

Michigan job growth was impressive in 2016 and many expect it will continue through 2017 at a somewhat slower pace. The most recent University of Michigan RSQE Forecast notes the state has averaged roughly 70,200 net new jobs created annually from the summer of 2009 through the summer of 2017 or a total estimate of 561,600 new jobs.

In fact, Michigan has averaged 1.7 percent annual job growth since the end of the Great Recession through this past summer while overall U.S. job growth averaged 1.5 percent.

The Tax Foundation’s 2017 State Business Tax Climate Index ranks Michigan the 12th most competitive state relative to the overall business tax climate which notes tremendous progress since 2006, when it was ranked 28th.

Even more remarkably, Michigan has gone from having the 49th best corporate income tax environment in 2006, to number eight in 2017. After-tax income goes further in Michigan than in most states according to recently released data from the Missouri Economic Research and Information Center (MERIC).

Michigan has the third lowest cost of living among the 50 states in categories ranging from housing and utility costs to transportation and health care, according to MERIC. The above are all important factors for job creation and the attraction of human and investment capital.

Clearly, the Michigan economy has come a long way since the trough of the Great Recession, a tribute to the hard working people of Michigan and sound public policy in Lansing.

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