Michigan Chamber Foundation Releases Major Public Policy Study On Michigan's Economic Competitiveness

LANSING, Mich., Sept. 13, 2012 /PRNewswire/ --The Michigan Chamber Foundation today released the results of a major public policy study conducted by Northwood University on Michigan's economic competitiveness.

"When you look at Michigan's competitive position compared to other states, it's clear that there is much room for improvement," said Dr. Timothy G. Nash, of Northwood University, who led the study. "That said, it's important for readers of this study to understand how large and important the Michigan economy still is within the U.S. and global economy.

"If Michigan were a country, it would be one of the 30 largest economies in the world," Nash noted.

This study, conducted by economists from Northwood University and Central Michigan University for the Michigan Chamber Foundation, used more than 200 variables to create the *Northwood University Competitiveness Index*. The variables were factored into five categories that measure economic performance. Those categories, and Michigan's corresponding ranking, are as follows:

1. General Macroeconomic Environment: 48th
2. State Debt and Taxation: 10th
3. Workforce Composition and Cost: 45th
4. Labor and Capital Formation: 45th
5. Regulatory Environment: 24th

"Michigan's relatively strong performance in terms of debt and taxation, plus our regulatory environment, are two positive findings of this study," said Bob Thomas, Executive Director of the Michigan Chamber Foundation. "Going forward, Michigan's policymakers should consider building on these strengths."

"Unfortunately, weaker performance in three other areas examined by the study outweigh the positive findings, so Michigan's overall ranking in this first study (47th) is lower than we would like," noted Rich Studley, President & CEO of the Michigan Chamber of Commerce. "The cold, hard truth is Michigan is in a fierce competitive battle with other states and foreign countries for jobs.

"Michigan has made real progress over the past 18 months to improve our economic climate," added Studley. "This study should serve as a guidepost for Michigan policymakers as we continue to discuss the best approach to move Michigan forward."

The Michigan Chamber Foundation's *2012 Michigan Economic Competitiveness Study* also compares Michigan against right-to-work and non-right-to-work states in several key areas, including personal income growth, net population migration and state job growth.

From 2000-2010, the study shows Michigan saw personal income grow by 20.3 percent. This compared to 36.4 percent for the United States as a whole and 39.2 percent for right-to-work states. During that same period, Michigan's non-farm employment growth declined 16.9 percent, while the overall U.S. job growth rose just two percent and right-to-work state job growth rose just under four percent.

The study also notes that more consideration is needed to better determine the relationship between right-to-work and economic competitiveness.

"The effect of right-to-work legislation is difficult to isolate because most right-to-work states generally have a more business-friendly climate overall and higher capital formation which results in higher productivity," noted Nash.

"Can Michigan return to the position of greatness it once occupied in the U.S. business structure?" asked Nash. "The answer is unequivocally yes, but only if we confront the economic reality facing this great state.

"Michigan must set its sights high and benchmark to the best economic and political practices of this country's top performing states," said Nash.

"We are optimistic that the next edition of this study will show further progress if policymakers stay focused on what matters," Thomas concluded.

An Executive Brief of the Michigan Chamber Foundation's *2012 Michigan Economic Competitiveness Study* is available online

at www.michamber.com/foundation/studies.

The Michigan Chamber Foundation was organized in 1985 as a 501(c)3 charitable foundation to: plan and conduct nonpartisan public education programs; establish and operate a leadership institute to help current and future leaders make a positive impact on Michigan's future; and conduct nonpartisan research and distribute policy studies on key business climate issues in Michigan.

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