



MICHIGAN
CHAMBER

Foundation

2013 Michigan Economic **COMPETITIVENESS STUDY**



An analysis of issues to advance Michigan in a complex global economy

Executive Brief

About the Michigan Chamber Foundation

The Michigan Chamber Foundation was established as a non-profit supporting organization to the Michigan Chamber of Commerce in 1986 for the following purposes:

- To plan and conduct nonpartisan public education programs regarding free enterprise, productivity, and basic economic issues affecting the state of Michigan;
- To establish and operate a leadership institute designed to provide promising future leaders assessment of Michigan's assets, challenges, and opportunities to give participants the background and network of contacts necessary to make a positive impact on Michigan's future;
- To conduct nonpartisan research and distribute policy studies on issues facing Michigan including, but not limited to taxation, government regulation, government spending, health care, and transportation.

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Introduction

The purpose of the study is to conduct a comprehensive follow-up analysis of the Michigan economy based on our 2012 study. Once again, we evaluate its rank and performance across a number of metrics including, but not limited to, Gross State Product (GSP) growth, tax policy, regulatory policy, and cost of doing business. Accordingly, the focus is primarily on the Michigan economy and its outlook for the future. It accomplishes that objective by focusing on different aspects of the Michigan economy and compares it with all other states within the United States. The 2012 study briefly outlined the current state of U.S. competitiveness in the global economy and then focused on Michigan's economic performance relative to national averages and the other 49 U.S. states. It was important to note that the Michigan economy moved in tandem with the U.S. economy in the sense that both experienced a decline in competitiveness relative to its competitors. In order to find answers for what contributed to this decline, the study's authors conducted a comprehensive survey of the literature regarding sources of economic growth to determine what was absent from or a hindrance to the Michigan economy.

To continue the 2012 evaluation, the authors focus on productivity in Michigan and the factors that impact productivity. Specifically, the study focuses on tax structures, the regulatory framework governing businesses, education and other components reflective of the general business environment. With a focus on productivity, this study again looks at the performance of right-to-work states relative to non-right-to-work states. The 2013 study looks at 200 variables that provide a comprehensive picture of the Michigan economy and the factors that determine its success. The 2013 study is also additive and includes an analysis of Michigan relative to the other Bureau of Economic Analysis (BEA) Great Lakes region states (Illinois, Indiana, Michigan, Ohio, and Wisconsin). The study once again uses a statistical technique called factor analysis, a process in which the values of observed economic data are expressed as functions of a number of possible causes or factors to find which are the most important to overall economic competitiveness. **The overall factor analysis shows Michigan moving from 47th in 2012 to 39th in 2013.** We used the same five categories of factors to be able to make

thoughtful comparisons between the 2012 and 2013 studies. The five factor categories are: 1) General Macroeconomic Environment; 2) State Debt and Taxation; 3) Workforce Composition and Cost; 4) Labor and Capital Formation; and 5) Regulatory Environment. As the study shows, Michigan saw very little movement in factors 2 through 5, but improved substantially in the General Macroeconomic Environment factor largely due to impressive improvements in Gross State Product growth and reductions in unemployment in the last two years. We believe much of this growth can be attributed to Michigan's state business tax environment and regulatory structure. Michigan's labor cost still remains among the highest in some sectors while net population migration and new business startups in Michigan are among the worst nationally.

The 2013 study also includes a new feature analyzing seven of the largest Great Lake states' cities. There is also good news for Michigan as the Detroit and Grand Rapids areas, after facing challenging economic times in the first decade of the 21st century, are showing signs of strong economic improvement over the last few years. You will also see that Michigan not only led the Great Lakes Region states in economic growth, but was one of the top performing states in the country over the last two years. It is also important to note that the Great Lakes Region was the fourth best performing region in the country over the last two years in terms of Gross State Product growth with especially strong performance coming from Michigan, Indiana, and Ohio. The Great Lakes Region also outperformed the U.S. national average in terms of personal income growth per capital from 2010 through 2012.

To begin, there is fundamental agreement among economists as to the sources that drive economic growth. There are definite reasons why some nations grow and others don't. Robert Barro (1991) in his seminal paper, "Economic Growth in a Cross Section of Countries," tried to answer that question. He studied the key economic and political factors that determined 98 countries' competitiveness that led to economic growth and standards of living. It is clear from this study and others that economic growth is helped by investments in human capital, lower tax rates, a lower regulatory burden on businesses, and emphasis on the overall human development matrix. It is also clear that the U.S. in recent times has been steadily falling behind in these critical investment areas, or at least unable to keep up with the investments vis-

à-vis its competitors. Also, government is becoming increasingly more important in the overall scheme of things as compared to the private sector. In addition, the federal government budget deficit and national debt are growing alarmingly high and the financing of the deficit has been instrumental in increasing the cost of capital, making it difficult for private businesses to invest in critical areas. Many economists would argue that this unprecedented increase in government spending has been the primary reason behind the relative decline in American competitiveness. In the appendix of the study, numerous tables and charts highlight this decline in U.S. competitiveness.

Economic growth began to slow toward the end of the 20th century and experienced additional challenges in the early 21st century. Government was becoming more significant to the U.S. economy with the U.S. experiencing the highest corporate income tax rate in the industrialized world according to the U.S. Tax Foundation. Taxes continue to plague American businesses disproportionately to its competitors. The 2013 Heritage Foundation/Wall Street Journal's *Index of Economic Freedom* measures political freedom, prosperity, and economic freedom across 10 metrics to gauge the economic success of 184 countries around the world. In 1995, the U.S. was ranked fourth in the world on the index, and in 2013 the U.S. is tenth.

The following are examples of the many factors used in this study to evaluate the competitiveness of the Michigan economy relative to the U.S. as a whole, as well as right-to-work (RTW) states and non-right-to-work (NRTW) states:

1. Growth in Personal Income

Personal income per capita growth in Michigan grew 27.5% from 2000-2012 while the U.S. average income grew at 45% over the same period. Personal income growth over the period grew at just under 49% in RTW states, at 42.7% in NRTW states, and 35.1% in the Great Lakes region. It is also important to note that Michigan led the Great Lakes region and the national average for per capita personal income growth for 2010-2012 (See Exhibits 31 and 32). Increasing per capita income growth in Michigan over the last two years is a leading indicator of a strengthening economy and job market.

Exhibit 31: Average Personal Income Per Capita Growth (2000-2012)

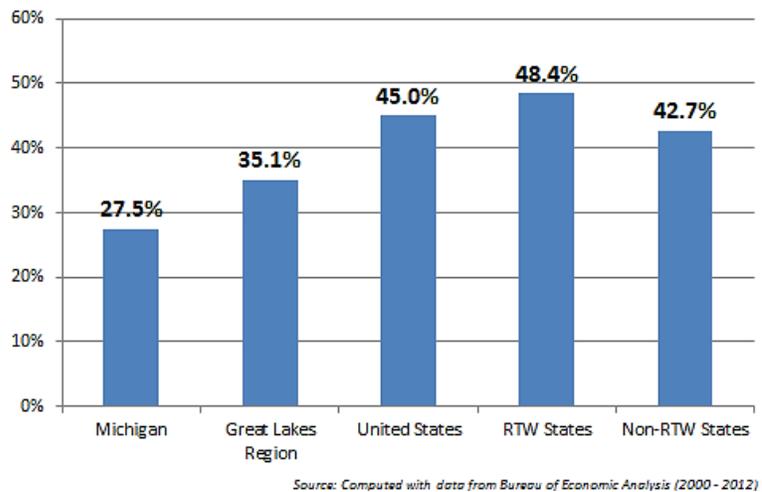
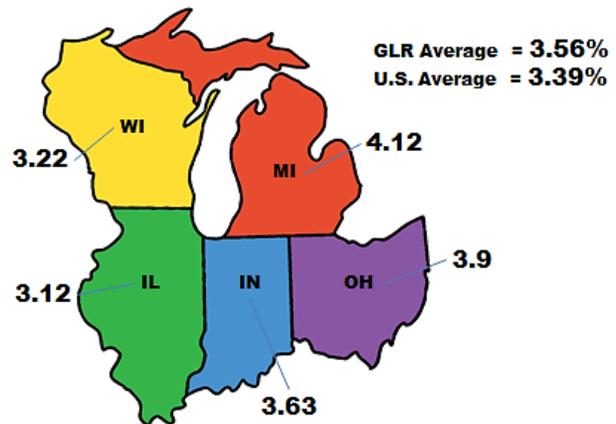


Exhibit 32: Great Lakes Average Personal Income Per Capita Growth (2010-2012)



2. Real Gross State Product (GSP)

Growth

From 1998-2012, Michigan Real Gross State Product (GSP) lagged the national average significantly. While the U.S. economy grew from an overall Gross Domestic Product (GDP) level of more than \$8 trillion in 1998 to just under \$15.5 trillion in 2012 or 78.2%, the Michigan economy grew by only 31.5% over the same period. Gross State Product grew at an average rate of 93% over the same period in RTW states while realizing a slower growth rate in NRTW states of 70.2% and 52.1% in the Great Lakes region. However, Michigan’s gross state product growth was very impressive in 2011 and 2012, leading the Great Lakes Region and outpacing the average of the U.S. over the same time period. In fact, if Michigan were its own economic region, it would have ranked number 2 in

Exhibit 15: Real Gross State Product Growth (1998-2012)

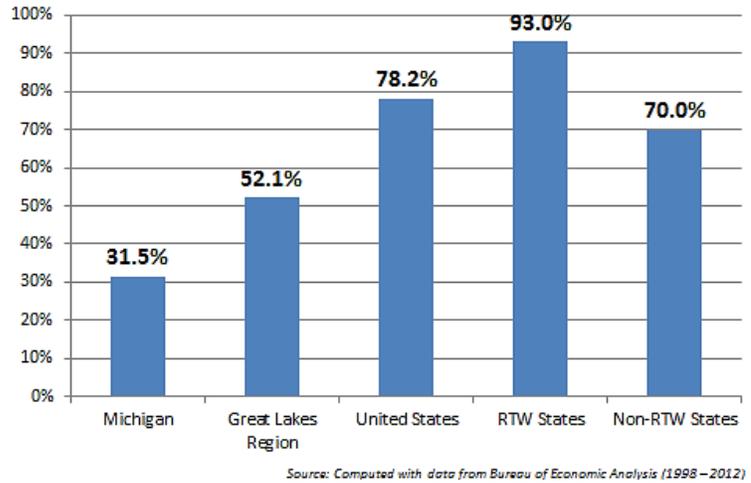


Exhibit 21: Gross State Product Growth (2011 and 2012)

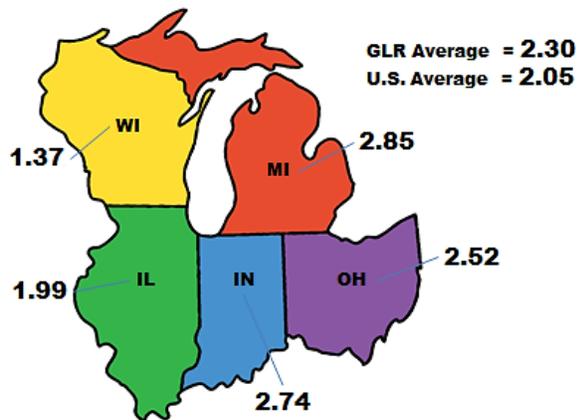


Exhibit 22: U.S. GSP Growth in Great Lakes Region (2011 and 2012)

| State | 2011 | 2012 | Average |
|-------------|------|------|---------|
| Illinois | 2.07 | 1.91 | 1.99 |
| Indiana | 2.19 | 3.30 | 2.74 |
| Michigan | 3.45 | 2.25 | 2.85 |
| Ohio | 2.88 | 2.16 | 2.52 |
| Wisconsin | 1.28 | 1.45 | 1.37 |
| Great Lakes | 2.43 | 2.17 | 2.30 |
| U.S. | 1.64 | 2.46 | 2.05 |

Exhibit 23: U.S. GSP Growth by Region (2011 and 2012)

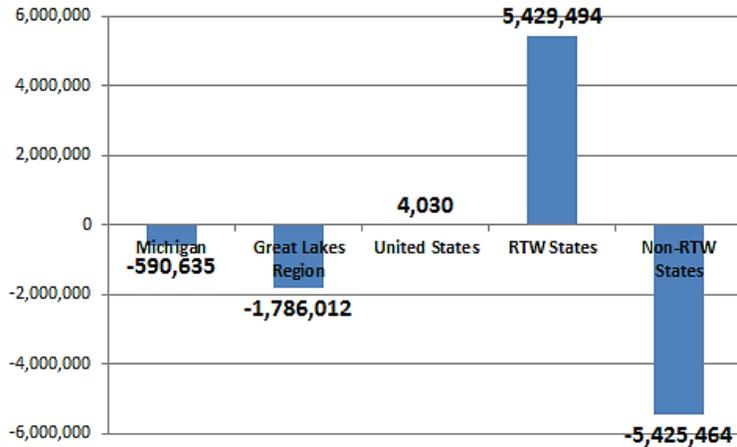
| Region | 2011 | 2012 | Average |
|-----------------|------|------|---------|
| New England | 1.04 | 1.24 | 1.14 |
| Mid East | 1.20 | 1.48 | 1.34 |
| Great Lakes | 2.43 | 2.17 | 2.30 |
| Plains | 1.96 | 2.74 | 2.35 |
| South East | 0.97 | 2.12 | 1.55 |
| South West | 2.97 | 4.07 | 3.52 |
| Rocky Mountains | 1.52 | 2.10 | 1.81 |
| Far West | 1.51 | 3.33 | 2.42 |
| U.S. | 1.64 | 2.46 | 2.05 |

economic growth trailing only the southwest region of the U.S., clearly signaling recent improvement in the Michigan economy. (See Exhibits 15 and 21-23).

3. Net Population Migration

Michigan’s population net migration from 2000-2012 was among the worst in the United States with a loss of 590,635 people. Net migration is defined by the difference in people leaving a state relative to people migrating to a state over a given period of time. The overall U.S. population net migration for the same period was just over 4,000 people net positive, with RTW states experiencing a positive net migration total of just under 5,500,000 and NRTW states suffering a net migration loss of just under 5,500,000, with the Great Lakes region realizing a loss of almost 1,008,000 people. (See Exhibit 13). Even though population net migration is still negative, it is decreasing with the net job creation that has taken place in Michigan over the last two years.

Exhibit 13: Population Net Migration by State (2001-2012)

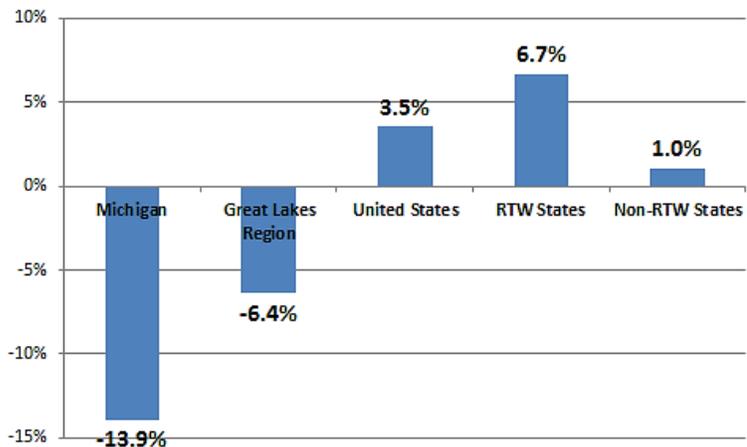


Source: Computed with data from Bureau of Labor Statistics (2000 – 2012)

4. Job Growth by State

During the same period, Michigan Non-Farm Employment growth declined 13.9% while U.S. overall growth grew 3.5%. RTW states saw employment growth at just under 7% while NRTW states job growth was 1% while the Great

Exhibit 29: Non-farm Payroll Employment Growth (2000-2011)



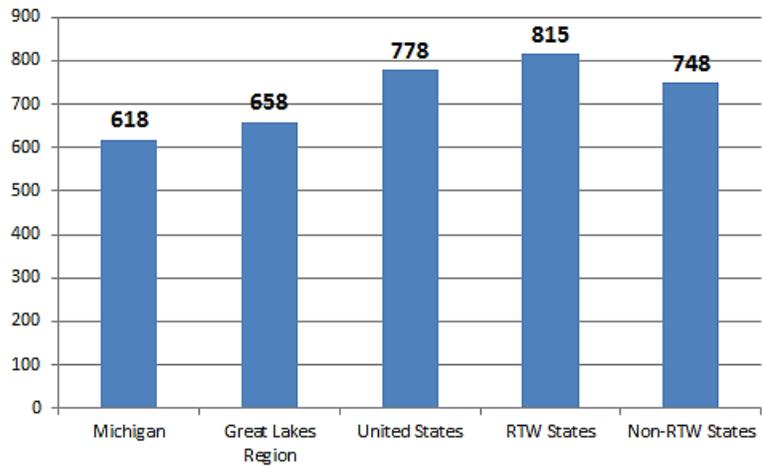
Source: Computed with data from Bureau of Economic Analysis (2000 - 2011)

Lakes Region realized negative growth (See Exhibit 29). It is important to note that net job growth in Michigan was positive in 2012 and should finish on the positive side in 2013 as well.

5. Total Government Employees Per 10,000 People

Michigan, as of 2012, has 618 government employees per 10,000 people, ranking it fourth best in the country (See Exhibit 56). This is a clear improvement from last year's study when Michigan had 657 government employees per 10,000 people, a sign of improved government efficiency.

Exhibit 56: Total Government Employees per 10,000 People (2012)

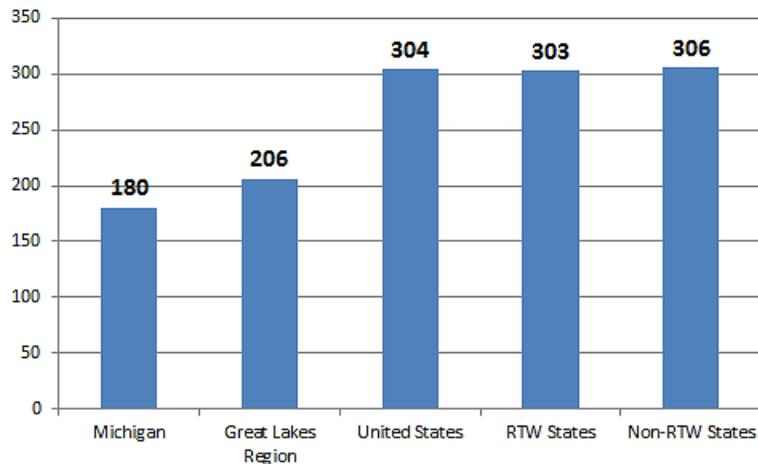


Source: Computed with data from Bureau of Economic Analysis (2012)

6. Index of Entrepreneurial activity per 100,000

The Kauffman Foundation ranked new business activity per month per state per 100,000 people in 2012 with the national average being 304 and the Michigan average at just 180. The RTW state average was 303, the NRTW state average was 306, and the Great Lakes Region was 206 (See Exhibit 82). Even though the Michigan economy has shown strong growth in both income and gross state product, we clearly need to focus on bringing new business to Michigan and encouraging

Exhibit 82: Kauffman Index of Entrepreneurial Activity (2012)



Source: Computed with data from The Kauffman Foundation (2012)

entrepreneurial growth, as we lag the national average and Michigan’s average level of 220 in last year’s study.

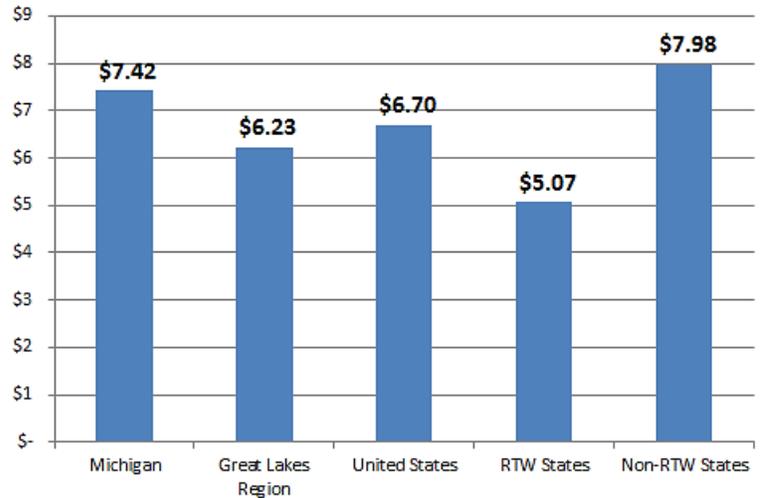
7. Industrial Cost of Natural Gas

Michigan seems to be competitive in the area of average cost of electricity, but not natural gas per unit. It was below the national average for electricity as well as below the RTW average price for electricity per unit in 2012.

However, the RTW average for natural gas was below the

national, NRTW, Great Lakes Region, and Michigan averages in industrial natural gas costs we studied for 2012 (See Exhibit 74). Michigan’s industrial natural gas price improved from last year’s study to this year’s study, but so did the cost for the rest of the country, still leaving Michigan at a competitive disadvantage and suggesting an opportunity for public policy debate relative to pricing structure.

Exhibit 74: Industrial Natural Gas Prices (2012)



Source: Computed with data from U.S. Energy Information Administration (2012)

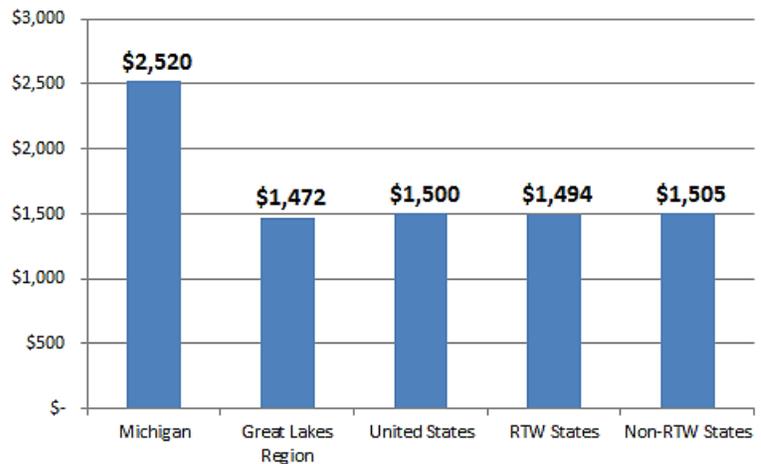
8. Automobile Insurance Cost

The cost of doing business in Michigan is high by a number of key metrics. The median price for an automobile insurance policy in Michigan is the second highest in the country, according to a recent study released by Insure.com.

The median average in Michigan is \$2,520, the national average is

just \$1,500, the RTW average is \$1,494, the NRTW average is just under \$1,505, and the Great

Exhibit 62: Average Price of Annual Car Insurance Policy (2013)



Source: Computed with data from Bureau of Economic Analysis (2013)

Lakes region is \$1,472. Michigan requires long-term catastrophic care as a part of its no-fault coverage; the cost figures out to be 5% of median household income to purchase insurance. New Hampshire is the best bargain at 1.64% of median household income (See Exhibit 62). We used an even broader measure of cost with the 2013 study with Michigan improving from the highest cost state to the second highest cost state, again an area for public policy consideration and improvement.

9. The Northwood University Competitiveness Index

The Northwood University Competitiveness Index was developed for this study and is comprised of five factor categories measuring various areas of economic performance for all 50 states (1 is the most favorable and 50 is the least favorable). Unlike many other indices where the data and/or categories are assigned weights by the researchers, the Northwood Index assigns weights based on factor analysis which initially involved 200 variables. The weights are market sensitive, and these weights are

susceptible to change with changes in economic conditions and data from year to year. Thus, the indices are based on these weights which are snapshots of current market conditions and

Exhibit 102: Northwood's State Competitiveness Index (2000 - 2013)

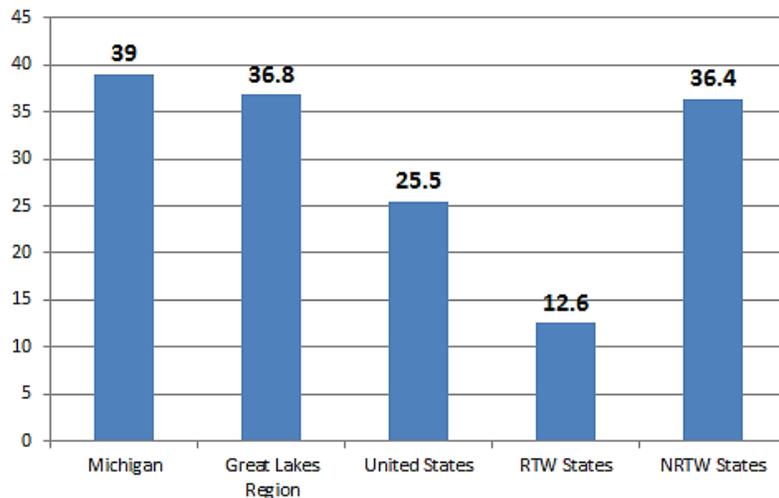


Exhibit 101: Northwood's State Competitiveness Index (2000 - 2013)

| | | | |
|---------------|----|----------------|----|
| Alabama | 23 | Montana | 30 |
| Alaska | 45 | Nebraska | 9 |
| Arizona | 20 | Nevada | 26 |
| Arkansas | 4 | New Hampshire | 27 |
| California | 43 | New Jersey | 46 |
| Colorado | 19 | New Mexico | 18 |
| Connecticut | 47 | New York | 50 |
| Delaware | 35 | North Carolina | 7 |
| Florida | 21 | North Dakota | 5 |
| Georgia | 10 | Ohio | 34 |
| Hawaii | 32 | Oklahoma | 13 |
| Idaho | 11 | Oregon | 36 |
| Illinois | 44 | Pennsylvania | 38 |
| Indiana | 25 | Rhode Island | 49 |
| Iowa | 24 | South Carolina | 17 |
| Kansas | 15 | South Dakota | 6 |
| Kentucky | 22 | Tennessee | 3 |
| Louisiana | 16 | Texas | 1 |
| Maine | 37 | Utah | 8 |
| Maryland | 31 | Vermont | 41 |
| Massachusetts | 48 | Virginia | 12 |
| Michigan | 39 | Washington | 40 |
| Minnesota | 28 | West Virginia | 33 |
| Mississippi | 14 | Wisconsin | 42 |
| Missouri | 29 | Wyoming | 2 |

key factors over said period. Therefore, the model delivers an overall ranking for a state, provides evidence of strengths and weaknesses relative to other states by category, and the weights assigned in each category derived by the model may be useful in prioritizing efforts to improve a state’s relative competitiveness (See Exhibits 101 and 102). Michigan’s improvement in the rankings from 47 in 2012 to 39 in 2013 is largely due to improvements to macroeconomic environments in the state in areas ranging from GDP growth to improving unemployment rates. Below are the Factor Categories and the key variables that influenced each factor:

Factor 1 (General Macroeconomic Environment) - considers general measures of statewide economic health such as unemployment rates, labor for participation rates, per-capita income, and life-satisfaction (another measure of well-being in addition to per-capita income).

Factor 2 (State Debt and Taxation) - considers state debt per capita, cost of living, and tax burden per capita (tax burden considers state sales taxes, selective taxes, license taxes, corporate income taxes, and state income taxes).

Factor 3 (Workforce Compensation and Cost) –considers percentage of the working population that is part of a union, percentage of the private working population that is a member of a union, percentage of the public working population that is a member of a union, and cash payments to beneficiaries (including withdrawals of retirement contributions) of employee retirement, unemployment compensation, workers’ compensation, and disability benefit social insurance programs.

Factor 4 (Labor and Capital Formation) - considers employment growth, population growth, migration, and organizational birth and death data.

Factor 5 (Regulatory Environment) - is a composite of other indices that consider the business friendliness of a state's regulatory framework/environment.

Based on the most current available data, Michigan’s economic performance in the five categories is:

| | 2013 | 2012 |
|--------------------------------------|------------------|------------------|
| 1. General Macroeconomic Environment | 31 st | 48 th |
| 2. State Debt and Taxation | 14 th | 10 th |
| 3. Workforce Composition and Cost | 43 rd | 45 th |
| 4. Labor and Capital Formation | 44 th | 45 th |
| 5. Regulatory Environment | 26 th | 24 th |

Overall, Michigan ranks 39th out of the 50 states in the Index. Consequently, the state’s relatively strong performance in terms of Debt and Taxation and Regulatory Environment are outweighed by its relatively weak performance in the factor categories of the General Macroeconomic Environment and Labor and Capital Formation. The key reason for Michigan’s overall rank improvement in 2013 had to do with a stronger macroeconomic environment and a competitive tax and regulatory environment. GDP growth in Michigan over the last two years has been led by a resurgence in the automobile, agriculture, and tourism sectors. A careful analysis of factors 1, 3 and 4, coupled with sound public policies designed to address said issues, will enhance Michigan's competitiveness in the future.

The State Business Tax Climate

Index is produced by the Tax Foundation, one of this country’s leading fiscal policy think tanks. The index is a measure of how each state’s tax law affects economic performance. An overall index rank of 1 means the state’s tax system is most favorable for business; a rank of 50 means least. Rankings are weighted and do not average across to total.

Exhibit 114: State Business Tax Climate Index 2013

| State | Overall Index Rank | Corporate Tax | Individual Income Tax | Sales Tax | Unemp. Insurance Tax | Property Tax |
|---------------------------|--------------------|---------------|-----------------------|-----------|----------------------|--------------|
| Wyoming | 1 | 1 | 1 | 12 | 29 | 35 |
| South Dakota | 2 | 1 | 1 | 33 | 35 | 20 |
| Nevada | 3 | 1 | 1 | 42 | 41 | 16 |
| Alaska | 4 | 27 | 1 | 5 | 28 | 13 |
| Florida | 5 | 13 | 1 | 18 | 10 | 25 |
| Washington | 6 | 30 | 1 | 48 | 18 | 22 |
| New Hampshire | 7 | 48 | 9 | 1 | 42 | 43 |
| Montana | 8 | 16 | 20 | 3 | 21 | 7 |
| Texas | 9 | 38 | 7 | 36 | 14 | 32 |
| Utah | 10 | 5 | 14 | 22 | 20 | 3 |
| Great Lakes Region | | | | | | |
| Indiana | 11 | 28 | 10 | 11 | 11 | 11 |
| Michigan | 12 | 7 | 11 | 7 | 44 | 31 |
| Illinois | 29 | 47 | 13 | 34 | 43 | 44 |
| Ohio | 39 | 22 | 42 | 29 | 12 | 34 |
| Wisconsin | 43 | 32 | 46 | 15 | 23 | 33 |

Source: Tax Foundation (2012)

The chart depicts a strong and improving climate for business in Michigan in 2013.(See Exhibit 114).

10. A Snapshot of Key Great Lakes Region Cities

Using the most current data available, we took a close look at how key cities in the Great Lakes region have functioned since 2000. We looked at seven cities from the five Great Lakes region states, including both Detroit and Grand Rapids from the state

Exhibit 113: An Economic Snapshot of Key Great Lakes Region Cities

| | Metro Compounded Annual GDP Growth Rate (2000-2011) | Metro Compounded Annual GDP Growth Rate (2008-2011) | Metro Compounded Annual GDP Growth Rate (2009-2011) | Metro GDP (2011) | Rank Metro GDP | Number of Employers | City Population (City Proper) (2012) | City Median Household Income/State (2011) |
|------------------|---|---|---|------------------|----------------|---------------------|--------------------------------------|---|
| Chicago, IL | 0.64 | -0.15 | 2.26 | \$477 B | 3 | 255,502 | 2,714,856 | \$47,371/\$56,576 |
| Cleveland, OH | -0.15 | -0.97 | 1.97 | \$93 B | 27 | 26,208 | 390,928 | \$27,470/\$48,071 |
| Columbus, OH | 0.53 | -0.28 | 1.64 | \$94 B | 32 | 56,957 | 809,798 | \$43,348/\$48,071 |
| Detroit, MI | -1.12 | -1.25 | 4.45 | \$176 B | 14 | 50,588 | 701,475 | \$27,862/\$48,689 |
| Grand Rapids, MI | 0.10 | 0.63 | 4.05 | \$34 B | 66 | 15,528 | 190,411 | \$38,731/\$48,689 |
| Indianapolis, IN | 1.14 | -0.32 | 1.81 | \$90 B | 28 | 63,808 | 834,852 | \$42,704/\$48,393 |
| Milwaukee | 1.10 | 0.14 | 1.91 | \$77 B | 35 | 31,789 | 598,961 | \$35,851/\$52,374 |
| U.S. Metro Areas | 1.48 | 0.24 | 2.34 | \$11.8 T | | | | |

of Michigan. Michigan was clearly the hardest hit state economy in the country over the last 12 years. The data clearly show that Detroit was one of the most— if not the most— adversely affected city, while Grand Rapids had economic challenges as well. The inspiring news is that Grand Rapids was the top performer of the seven cities we analyzed between 2008-11 and trailed only Detroit in GDP growth 2009-11. Grand Rapids was also the only city in the region to outperform the national average for GDP growth 2008-11, while both Detroit and Grand Rapids performed at a dramatically higher level than the U.S. metro average 2009-11 (See Exhibit 113).

11. A Changing Michigan: Comparing the 2012 and 2013 Studies

Michigan is showing stronger growth and a brighter economic picture when comparing our 2013 study to our 2012. Six of the nine key factors outlined in last year’s Executive Brief have

Exhibit 115: Comparison of Key Michigan Data from 2012 and 2013 Studies

| | 2012 Study | 2013 Study |
|--|-----------------------|-----------------------|
| Average Personal Income Per Capita Growth | 2000-2010 20.30% | 2000-2012 27.50% |
| Gross State Product Growth | 1998-2011 26.50% | 1998-2012 31.50% |
| U.S. Population Net Migration | 2001-2010 -554,374 | 2001-2012 -590,635 |
| U.S. Employment Growth | 2001-2010 -16.90% | 2001-2011 -13.90% |
| Total Government Employees Per 10,000 People | 2010 657 | 2012 618 |
| The Kauffman Index of Entrepreneurial Activity | 2011 220 | 2012 180 |
| Industrial/Natural Gas Prices | 2010 \$8.23 | 2012 \$7.42 |
| Median Price of Annual Car Insurance Policy | 2012 \$4,490.00 | 2013 \$2,520.00 |
| Northwood University Competitiveness Index | 2012 47 | 2013 39 |

shown some or much improvement (Factors 1, 2, 4, 5, 7, and 9) in 2013, while the other factors outline areas for concern or improvement (Factors 3, 6, 7, and 8). It should be noted that the cost of natural gas has declined nationally due to increases in the U.S. supply related to the discovery, drilling, and processing of new deposits domestically. However, Michigan is still a high-cost state for industrial natural gas. It should also be noted that we used a broader based metric to measure automobile insurance costs in the 2013 study. Even with a broader-based analysis, Michigan is still among the top two cost states for automobile insurance in the country (See Exhibit 115).

Conclusion

It is important that the reader understands how large and important the Michigan economy still is within the U.S. and global economy. Michigan's GSP is roughly equivalent to the GDP of the country of Austria, which would make Michigan one of the 30 largest economies in the world if it were a country. The 2013 study paints a more positive picture of Michigan's competitive position relative to most other U.S. states in comparison to our 2012 study. Michigan's ranking on *The Northwood University Competitiveness Index* of 39 indicates Michigan has made great progress driven by a more friendly tax and regulatory environment over the last couple of years. This study again indicates more time and study is needed to better determine the causal relationship between RTW legislation and competitiveness; for the time period measured in this study, Michigan was still a NRTW state. The research contained in this study should serve as a guidepost and tool for benchmarking for Michigan public policy leaders. For many years, Michigan was the economic catalyst for much of the U.S. economy.

Michigan is once again moving in the right direction and deserves to be studied. A few good years of data do not make a trend nor spell "Mission Accomplished." Michigan is: A) blessed with highly educated and skilled white and blue collar workforces, B) in possession of an improving tax and regulatory environment which is favorable for job creation, C) the center of the world's largest deposit of fresh water, D) at the center of waterway transportation for the Great Lakes Region, the Mississippi, and to Ontario, Canada, E) a hub for rail, trucking, cargo, and air transportation, F) home to many of the world's leading manufacturing and technology

companies, and G) poised to realize an energy boom via safe oil and natural gas recovery if the public is afforded a rational and open debate.

Michigan has made it through the economically difficult first decade of the 21st century and is showing strong signs of an economic turnaround. Michigan is showing that its economic growth and personal income growth are not only outpacing the other Great Lake states, but is a strong example for growth on a national level as well. There is no doubt that Michigan is on a come-back path, but has not arrived yet. Can Michigan return to the position of greatness it once occupied in the U.S. business structure? The answer is unequivocally yes, but only if we continue to adopt growth-friendly public policies. Michigan must continue to set its sights high and benchmark best economic and political practices of this country's top performing states. The good news is that many good things have happened in Michigan in the last year, causing other states to benchmark to our progress.



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