



KALAMAZOO GAZETTE

Massachusetts or Mississippi: What's our choice?

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The Kalamazoo-Portage economy is a sturdy ship in a stormy sea, Upjohn Institute for Employment Research economist George Erickcek reported last week.

But this week, Michigan Future Inc., a think-tank in Ann Arbor that is studying Michigan's economy, reminds us that we're in a state that continues to lose jobs at an astounding clip.

Simply put, trends in Michigan are heading the wrong way.

Ranked with the other states, Michigan fell 10 places in terms of per-capita income between 2000 and 2006, according to a Michigan Future Inc. report.

The state's per-capita income was 8 percent below the national average in 2006, the worst gap since the Great Depression.

Michigan also is lagging in its development of a knowledge-based economy. It ranks in the middle of the pack for percentage of residents with at least a bachelor's degree.

Michigan Future's strategy is to increase the education levels of state residents and create attractive cities that will lure educated workers and the employers who seek them.

It's a good strategy.

Erickcek pointed out last week that the Kalamazoo-Portage area ranks third in the state in its population of 25- to 34-year-olds and these are the people we need to keep in Michigan.

Nearly a year ago, Michigan Future Inc. member Paul Hillegonds -- a person known and respected here for his years representing Allegan County in the state House, and who was House speaker -- told the Holland Area Chamber of Commerce that Michigan can't tax-cut its way to prosperity:

"In the past dozen years, state and local taxes have been reduced by what is now over \$8 billion annually, moving Michigan to a tax burden below the national average, government spending more than \$5 billion below the Headlee constitutional limit, and state general fund revenues 40 percent less in inflation-adjusted dollars than when I left the state House 10 years ago.

"Yet lower taxes and spending have been accompanied by slower economic growth in Michigan than in the rest of the nation. ... But tax policy should not undermine our ability to invest in the human and physical infrastructure necessary for economic growth: investments like higher education, early childhood learning, quality of life amenities, transportation and transit and vital urban centers."

Massachusetts ranked third of all states in terms of per-capita income and percentage of people with bachelor's degrees.

Sure, we'd all like to have Mississippi's tax burden and Minnesota's or Massachusetts' economy, Hillegonds told the Holland Chamber.

"But there is no state in the nation that has both," he said. "Which fiscal strategy will we choose?"

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