



December 31, 2009

Bright ideas for Michigan's economy?

Set of proposals sparks debate on solutions

BY JOHN GALLAGHER
FREE PRESS BUSINESS WRITER

A labor economist is stirring up debate with a new plan to right Michigan's economy.

Timothy Bartik of the W.E. Upjohn Institute for Employment Research in Kalamazoo suggests year-round school for early-elementary students, prekindergarten classes for most 4-year-olds and a range of state-financed job training programs.

The payback, Bartik said, would come in higher incomes for state residents because a better-educated-and-trained workforce would help Michigan employers prosper.

All of Bartik's proposals would cost the state money upfront. Yet the payback in higher state incomes would come years later.

"Can policy makers be patient and wait for the benefits to occur?" he asked. "You could imagine politicians saying, 'Anything that happens beyond four years from now is irrelevant to me because I'll be out of office.' "

Bartik presented his plan at the University of Michigan economic forecast conference in late November. Since then, he has presented the plan in a new paper titled "What Should Michigan Be Doing to Promote Long-Run Economic Development?"

Bartik's proposals immediately drew fire from a critic who called them outmoded big-government solutions.

"The ... ideas read like a PR campaign for more government intervention in the lives and livelihoods of Michigan citizens," said Michael LaFaive, director of the Mackinac Center for Public Policy's Morey Fiscal Policy Initiative.

Bartik calculated the present value of higher state incomes compared with the upfront state investment.

Among his proposals:

- Bartik suggested front-loading tax incentives in the first year or two for manufacturers who create plants, rather than over seven years or longer as currently occurs. Upfront incentives prove more powerful, he said, adding that an investment of \$100 million would yield a present value of \$447 million in higher state incomes.
- Customized job training for specific companies, usually done at the community college level, would return a present value of \$30 in higher state incomes for every \$1 invested by the state, he said.

- Universal prekindergarten programs would create a present value of almost \$3 in higher state incomes for every \$1 invested. And year-round schooling for early-elementary students would amount to roughly \$8 for every \$1 of investment.

Bartik said his proposals mark just some of the steps Michigan needs to recover.

"I'm under no illusion that these ... ideas that I've put out are the only ideas worth considering," he said.

Related content

Read the [full economic development report by Timothy Bartik](#) (144 KB PDF file)
