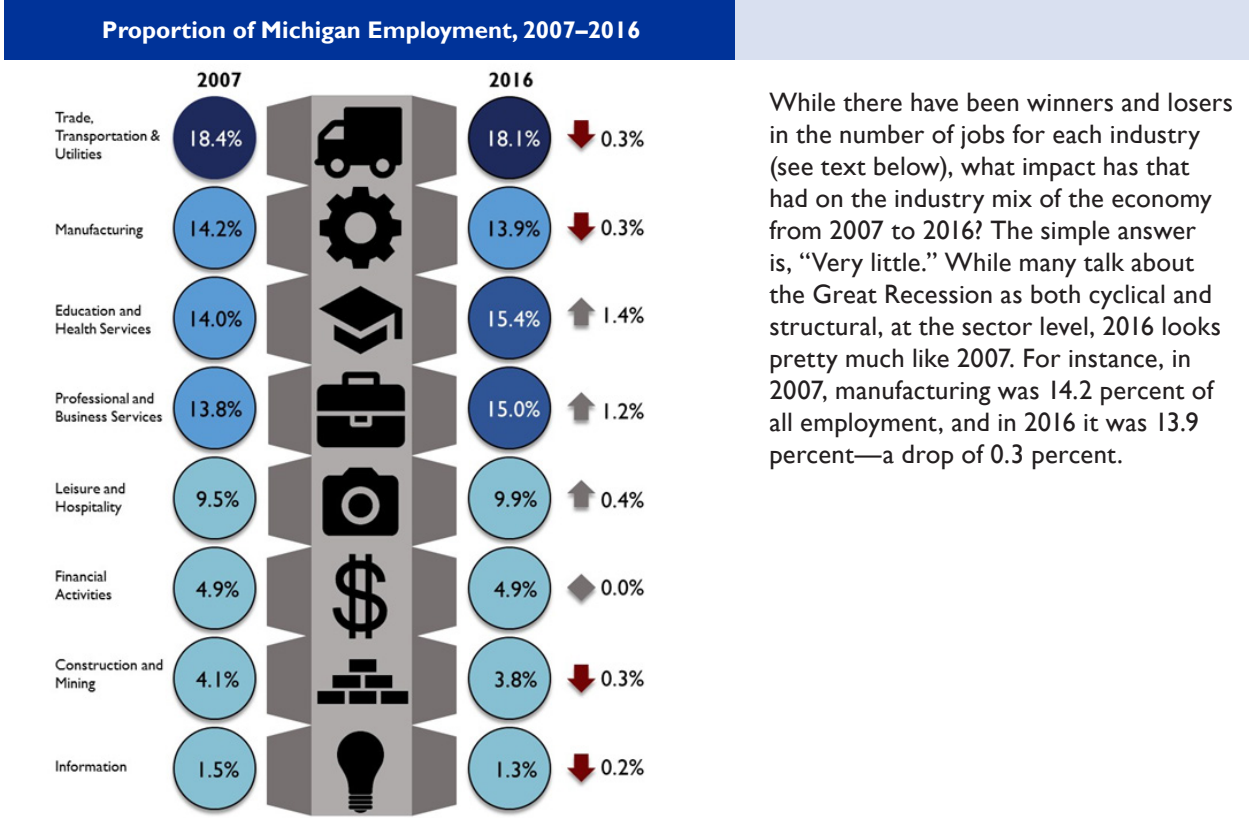


# STATE OF MICHIGAN ECONOMY

Comparing Michigan’s economy in 2007, on the brink of the Great Recession, to where it is now, we see that it has fully recovered and then some. Employment is nearly 4 percent higher than it was in 2007, and real GDP is almost 10 percent higher. While employment in 30 states has recovered more since 2007 than employment in Michigan, it should be recognized that employment fell more in Michigan than in any other state but three. Michigan lost 416,000 jobs between December 2007 and July 2009, when the state’s employment hit bottom. Output followed a similar downward spiral, losing 12 percent of its output from the fourth quarter of 2007 before it began its long road back to prerecession levels.



While there have been winners and losers in the number of jobs for each industry (see text below), what impact has that had on the industry mix of the economy from 2007 to 2016? The simple answer is, “Very little.” While many talk about the Great Recession as both cyclical and structural, at the sector level, 2016 looks pretty much like 2007. For instance, in 2007, manufacturing was 14.2 percent of all employment, and in 2016 it was 13.9 percent—a drop of 0.3 percent.

SOURCE: Bureau of Labor Statistics, Current Employment Statistics.

Not until the middle of 2015 did the state return to its level of employment at the end of 2007, although output returned to its prerecession level a year earlier. Manufacturing took an even bigger hit initially, with output dropping 38 percent, but returned to December 2007 levels much earlier than the overall economy, even though it then sputtered for a number of years before turning upward more recently.

But if we move the yard markers back to 2000, the year prior to the 2001 recession, and use that as our base year, it’s a different story: between that year and the start of the Great Recession in 2007, Michigan lost about 407,000 jobs, out of a total employment of 4.68 million. Nearly 80 percent of those jobs, 323,158, were in the goods-producing sector, which includes construction and manufacturing. The vast majority of those 407,000 jobs have not returned. So by that measure, even though the state held its own in the recent “Great Recession,” the previous recession proved a greater challenge to surmount.

Even in the most recent recession and subsequent recovery, although the overall employment numbers have recovered, within that total there have been winners and losers: some sectors have gained employment in the state while others have lost. For example, manufacturing lost about 7,400 jobs between 2007 and 2016. But within manufacturing, there were winners and losers: for instance, durable goods, comprising industries such as autos and furniture, lost 15,100 jobs, but nondurable goods gained 7,600 jobs. Retail trade lost 17,500 jobs, but

## Michigan Statistics (seasonally adjusted)

Measure	2016	2009	% change, 2009-2016	2007	% change, 2007-2016
<b>Employment (by place of work)</b>					
Total nonfarm employment	4,325,600	3,870,840	11.7	4,261,190	1.5
Goods-producing	762,930	589,410	29.4	781,980	-2.4
Natural resources and mining	7,170	6,910	3.8	7,670	-6.5
Construction	155,570	127,600	21.9	166,680	-6.7
Manufacturing	600,190	454,900	31.9	607,630	-1.2
Durable goods	451,860	334,120	35.2	466,960	-3.2
Nondurable goods	148,330	120,780	22.8	140,670	5.4
Private service-providing	2,962,000	2,634,660	12.4	2,823,530	4.9
Trade, transportation, and utilities	781,570	717,210	9.0	787,040	-0.7
Transportation and utilities	137,380	112,870	21.7	128,280	7.1
Wholesale trade	172,010	152,920	12.5	169,030	1.8
Retail trade	472,180	451,420	4.6	489,730	-3.6
Information	57,450	56,340	2.0	62,940	-8.7
Financial activities	212,880	191,380	11.2	209,480	1.6
Professional and business services	650,020	509,980	27.5	590,790	10.0
Educational and health services	664,810	609,230	9.1	596,660	11.4
Leisure and hospitality	425,670	381,680	11.5	407,020	4.6
Other services	169,600	168,840	0.5	169,600	0.0
Government	600,670	646,770	-7.1	655,680	-8.4
<b>Unemployment</b>					
Number unemployed	238,430	676,040	-64.7	355,500	-32.9
Unemployment rate (%)	5.0	13.8		7.1	
<b>State indexes (1996 = 100)</b>					
Local components					
UI initial claims	9,229	53,250	-82.7	17,085	-46.0
New dwelling units <sup>a</sup>	19,292	6,994	175.8	18,263	5.6

NOTE: Employment numbers for durable, nondurable goods, transportation and utilities, wholesale trade, and retail trade are seasonally adjusted by the W.E. Upjohn Institute. Other numbers are seasonally adjusted by the Bureau of Labor Statistics. Categories may not sum to total due to rounding.

<sup>a</sup>Seasonally adjusted annual rates.

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from DODGE Data & Analytics; and on employment data from the Michigan Department of Technology, Management and Budget; Bureau of Labor Market Information and Strategic Initiatives.

health care and social assistance picked up 73,000. The table shows the effects the economic recovery has had on Michigan. Overall employment has grown from prerecession levels by 1.5 percent, and by 11.7 percent since the depths of the recession in 2009. The economy added 64,400 jobs since 2007 and 454,760 since 2009.

The last recession was thought to be both cyclical and structural. In particular, manufacturing was thought to be gone and not likely to return. Between 2007 and 2009, this sector lost more than 150,000 jobs, on top of a lengthy decline in employment since the previous recession. While not completely back to its prerecession levels, the sector is down only 1.2 percent between 2007 and 2016, or 7,630 jobs.

Tight labor markets in 2017 had only 238,430 people seeking work, fewer than 2007 (355,500) and well down from 2009 (646,770). The state unemployment rate went from 7.1 percent in 2007 to 13.8 percent in 2009 to 5.0 percent in 2016. New home construction, at 19,292 units, has surpassed its 2007 level of 18,263.

So, has Michigan fully recovered from the Great Recession? The state's economy looks much as it did, at least from an employment perspective, prior to the recession. But there have been gains and losses in industries and, to a lesser extent, in sectors. It likely depends on one's perspective.