

Front Page Failures: A review of 20 years of the state’s major business subsidy deals

Lawmakers have been asked repeatedly to authorize new business subsidies. These deals routinely make headlines, promising job creation and economic growth. But the results prove far less impressive than the headlines, according to a new Mackinac Center study.

Only one in 11 of jobs announced in major job deals were actually created.

The study looks at front page headlines from the Detroit Free Press from 2000 to 2020. These stories of the state awarding deals to land the next big business project said companies would create 123,060 jobs. Projects actually created just 10,889 jobs, 9% of the claims.

For instance, here is a front page headline from 2007:

Detroit pill maker plans to expand, creating 600 jobs

This resulted in no jobs being created. The company closed the facility featured in this article in 2014.

Jobs deals rarely meet expectations, and most are complete failures. Half of the companies in these stories created no jobs at all. Only 15% met or exceeded the jobs that were announced. Even then, most deals provided state support that did not compel companies to do something that they wouldn’t otherwise have done. For example, Amazon distribution centers received state support and accounted for a third of the successful job announcements. But Amazon built a number of distribution centers in Michigan without subsidies, suggesting that the state support they got for the others is unnecessary.

The state has a terrible record of converting job announcements into results. The boy who cried wolf was ignored by the townspeople after just two false reports. Michigan residents have been treated to two decades of false promises. State officials and subsidy supporters proclaim without reservation that these deals will create jobs. But they rarely do. These deals have failed to achieve their objectives. Lawmakers ought to be careful about authorizing more subsidies.

The full report is available at <https://www.mackinac.org/s2024-14>.

Front-page business deal job announcements and actual job creation

Date	Jobs Announced	Jobs Reported
Jan-00	900	0
Jun-00	500	0
Mar-04	350	0
Aug-04	500	0
May-06	400	0
Jul-06	1,000	0
May-07	500	190
Aug-07	600	0
Sep-07	1,386	0
Jul-08	4,800	112
Jan-09	1,500	0
Feb-09	3,500	0
Feb-09	413	0
Apr-09	3,500	0
Apr-09	6,600	1,296*
Jun-09	1,200	0
Jul-09	400	595
Aug-09	40,000	1,296*
Aug-09	4,300	0
Sep-09	1,085	217
Sep-09	300	0
Dec-09	1,000	0
Dec-09	2,236	912
Feb-10	2,500	598*
Mar-10	60	0
Apr-10	16,000	1,296*
Apr-10	4,000	1,296*
Dec-10	137	0
Jan-12	50	59
Feb-12	60	0
Jan-13	400	458
Jan-13	4,500	2,049
Feb-14	10,000	0
Nov-15	1,000	26
May-16	750	652
Dec-16	1,000	1,000
May-17	430	631
Jun-17	1,600	1,737*
Jun-17	2,800	2,163*
Aug-17	403	0
Apr-19	400	188

* Job creation from these projects only included once in total jobs reported to avoid double counting

Total announced: 123,060
Reported: 10,889