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“The state's economic development agency has had abundant time, funding and opportunity to demonstrate success in creating new jobs. It has failed to do so.”

The MEDC wants more time — it's had decades

Michigan taxpayers deserve better

By Michael D. LaFaive | August 2026

“Building Michigan’s economy takes time — and it’s paying off.”

That’s the headline of a recent Detroit News op-ed by Quentin Messer Jr., chief executive officer of the Michigan Economic Development Corp., the state’s economic development agency. But objective evidence suggests that even after decades of subsidies, the agency has little to show for its efforts.

Messer argues in the op-ed that projects intended to last a decade should not be judged after only a few years. Fine, but the MEDC was created in 1999. There’s been plenty of time to know whether its selective business subsidies work, and a number of assessments say “no.”

In 2020, the Mackinac Center compiled a database of 2,300 state subsidy deals, some going back to 1982. The projects varied in size and duration. Some lasted only a few years. Others stretched for decades. One business tax-credit program ran from 1995 through

2011, and some individual tax credit agreements lasted up to 20 years.

Mackinac Center researchers compared employment growth at subsidized establishments with growth at similar businesses that received no incentives. The results were sobering. Of nine programs or program categories examined, five showed no measurable effect on employment. One produced negative results, meaning it destroyed jobs rather than created them.

Three programs were associated with higher employment growth, but only at an extraordinary cost. The Michigan Economic Growth Authority, for example, needed to authorize tax credits worth nearly \$125,000 per job per year. That’s hardly a compelling return on investment.

The growth authority approved 351 tax credit deals lasting between 10 and 20 years. Six academic-style evaluations examined the program. Five found no meaningful positive effect, or even a negative impact,

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and a seventh called it a “debacle.” The authority spent billions of dollars trying to improve the state economy with selective subsidies, and it failed to deliver.

Rather than address this decades-long record, Messer focused on my colleague’s recent criticism of eight newer, state-subsidized projects. Messer’s argument is that these projects have not yet had enough time to succeed. Yet published reports show that four of the eight projects have already been canceled. No success there. And administrators reduced their job expectations for two other projects.

Messer also cited a study touting the benefits of one of the newer projects. But the study’s methodology makes some assumptions that the promised jobs will materialize. Historically, that assumption has often proved optimistic. Messer further highlighted the study’s favorable findings while overlooking Michigan projects the same study identified as having negative impacts.

The state’s economic development agency has had abundant time, funding and opportunity to demonstrate success in creating new jobs. It has failed to do so. Why should taxpayers believe its latest initiatives will perform any better?

Michigan’s broader economic performance raises the same question.

When the MEDC was established 27 years ago, Michigan ranked 18th among the states in per-capita gross state product. By 2025, it ranked 41st. Since the end of the pandemic, Michigan has ranked 45th in job growth. The blame cannot be wholly attributed to the MEDC, but the agency has “economic development”

in its name, and the state economy has fallen behind under its watch.

The agency’s management record has also drawn repeated criticism. The Michigan Office of the Auditor General repeatedly chided its record of poor documentation and inflated job-creation claims. Critics have likewise faulted the agency for lack of transparency and accountability.

More recently, Attorney General Dana Nessel charged a former member of the MEDC’s executive committee with 16 felonies tied to a \$20 million grant. In May, she indicated that Messer himself is a potential target of a broader investigation.

This is not the agency’s first brush with the law. In 2010 it helped facilitate a subsidy deal involving a businessman on parole after a financial-crime conviction.

Michigan taxpayers deserve better.

After decades of spending, subsidies and promises, the evidence remains clear: Michigan’s economic development bureaucracy has been costly, controversial and ineffective. No amount of storytelling can change that.

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