

WHY WE NEED AN INDUSTRIAL POLICY

I've long said that, after the big military-industrial-complex states outside of DC (which have, after all, benefited from 10 years of big stimulus), MI is the state that has most benefited from Obama's economic policies. Not only did Obama bail out GM and Chrysler (and therefore many of the contractors that supply them), but he invested money in new auto-related killer apps, like battery technology.

Lo and behold, such measures have worked to improve MI's job-creation. It leads all states in job creation improvement last year (though obviously not job creation—the commodity and MIC states top that list).

States showing the most improvement in job market conditions between 2009 and 2010 included the long-depressed manufacturing states of Michigan, Ohio, and Pennsylvania – likely reflecting the significant improvement in U.S. manufacturing last year. Also among the most improved were 5 of the 10 states with the worst job markets in 2009, giving them the most room to improve: Oregon, Delaware, Arizona, Minnesota, along with Michigan. Reflecting the growth of the federal government, the District of Columbia was not only the second-best job market but also the second-most improved job market in 2010.

Compare that to the clusterfuck states that have gotten no such investments. Nevada remains the worst state for job creation (or in its case, loss), and California is not far behind (though Arizona is on the top 10 most improved list).

Mind you, the benefits of the auto bailout will be challenged this year as Midwestern states, struggling to recover, cut government jobs. And I maintain that we won't know whether the

bailout “worked” for another 3 years (because of the development cycle in the industry).

But for the moment it looks like just three things have worked to create jobs: the MIC, QE2 and other policies favoring commodities, and actual industrial policy.