

# Mackinac Center for Public Policy

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## Study Finds Cabela's Has No County Jobs Impact

### **State should avoid targeted incentives even to large and successful businesses, say Center analysts**

#### **For Immediate Release**

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MIDLAND — Mackinac Center Director of Fiscal Policy Michael D. LaFaive today cautioned policymakers that offering financial incentives to Cabela's Inc., the outdoor sporting goods giant, would likely not result in any net new job creation. Published reports indicate Cabela's is seeking \$15 million in government business incentives in exchange for locating in Walker, Mich.

LaFaive cited a recent econometric analysis by Mackinac Center Board of Scholars Member Michael Hicks, who studied Cabela's employment impact in six counties nationwide — including Michigan's Monroe County — from 1998 through 2003. Hicks found that the retail chain had "no persistent impact on employment" in those counties or in surrounding counties. "What little positive change I found in employment tended to disappear within three months of a new store's opening," said Hicks, a research professor at the Center for Business and Economic Research at Marshall University and an assistant professor of economics at the Air Force Institute of Technology. His study is scheduled for publication in the semiannual Journal of Regional Analysis and Policy.

Michigan Senate Majority Leader Ken Sikkema is reportedly calling for assistance for Cabela's Walker location from the Michigan Economic Development Corporation, a state agency he criticized last year. The MEDC has not pledged incentives so far.

"State business incentives tend to become political, not economic," said LaFaive. "They create exciting job announcements, but they don't result in an actual increase in employment." LaFaive and Hicks are co-authors of the 2005 Mackinac Center study "MEGA: A Retrospective Assessment," which detailed the lack of economic development impact of the Michigan Economic Growth Authority, an MEDC-affiliated program that provides targeted business incentives.

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