

Lansing Area Economic Forecast

January 15, 2026

Charles L. Ballard
Professor of Economics Emeritus
Michigan State University
ballard@msu.edu

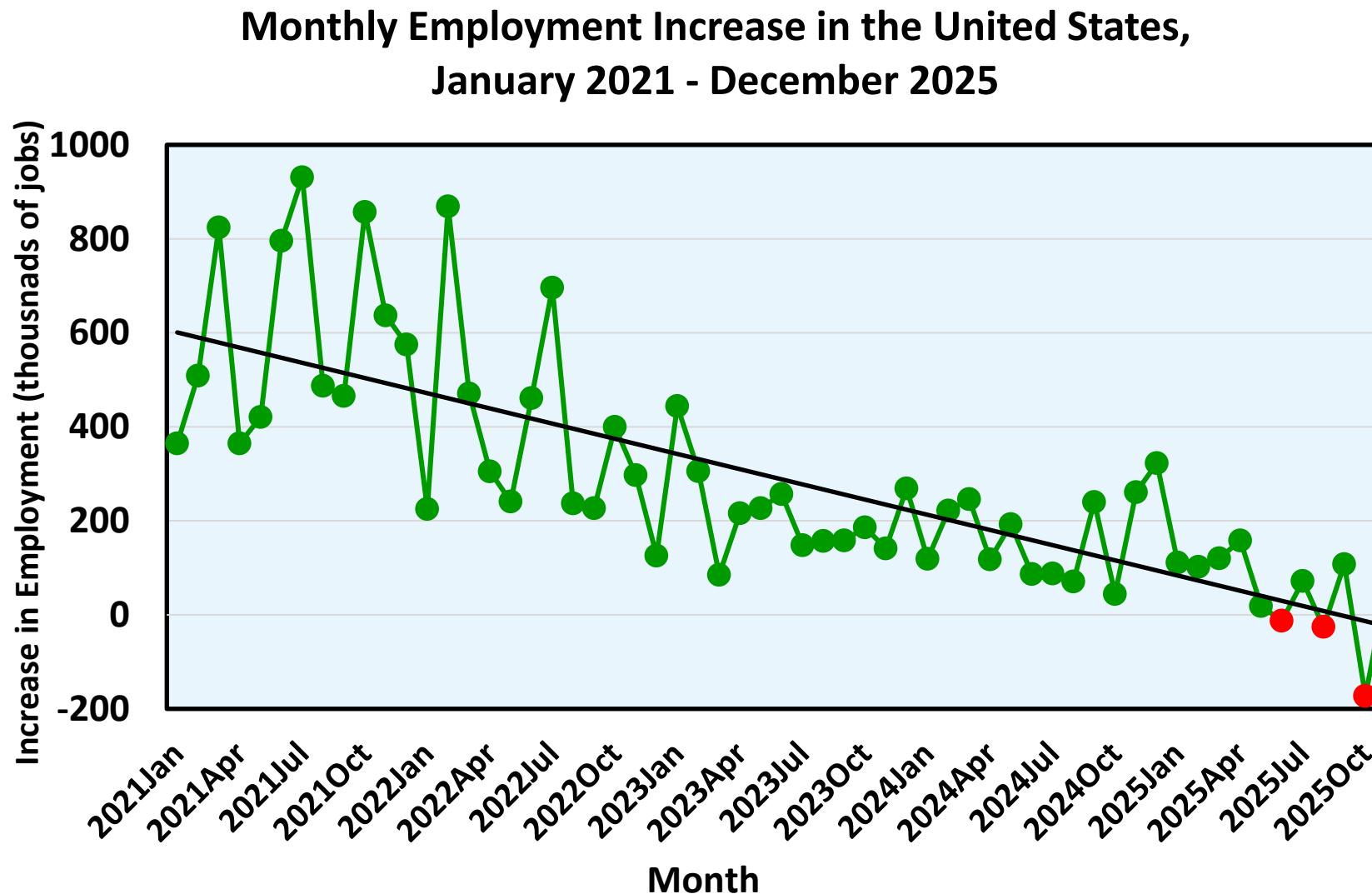
Effects of Tariffs, So Far:

- Not nearly the panacea suggested by President Trump.
- But also, not nearly the catastrophe suggested by some.

- **Good News: The tariffs that have been implemented so far are much smaller than the draconian tariffs that President Trump threatened in April.**
- **Bad News: The rules-based system of international trade that contributed to the fastest growth in the history of the world economy has been damaged.**

- U.S. Gross Domestic Product decreased in the first quarter of 2025, due to a surge of imports in anticipation of tariffs.
- Since then, however, the economy has chugged along. GDP grew at a 4.3% rate in the third quarter. Through the first three quarters, GDP growth in 2025 is almost exactly at the same rate as in 2023 and 2024.
- Much of this is driven by strong spending by affluent consumers, and by AI investment.

The GDP growth in 2025 was not matched by employment growth. The labor market is barely crawling.



Since April, manufacturing employment in the U.S. has decreased by 72,000 jobs.

During the same period, manufacturing employment in Michigan has decreased by “only” 2,500 jobs.

Per-Capita Personal Income, 2024

1. Massachusetts	\$93,927	18. North Dakota	\$70,966
2. Connecticut	\$93,235	20. Florida	\$70,390
3. Wyoming	\$85,945	28. Texas	\$67,942
4. New York	\$85,733	30. Wisconsin	\$67,586
5. California	\$85,518	33. No. Carolina	\$64,855
6. New Jersey	\$84,071	36. Ohio	\$64,225
12. Alaska	\$75,247	37. Indiana	\$63,802
13. Minnesota	\$74,943	39. <i>Michigan</i>	\$63,221
14. Illinois	\$74,197	41. Georgia	\$62,393
<i>United States</i>	\$72,425	49. West Virginia	\$55,138
17. Pennsylvania	\$71,148	50. Mississippi	\$52,017

Michigan, My Michigan

A song to thee, fair State of mine,
Michigan, my Michigan.

But greater song than this is thine,
Michigan, my Michigan.

The whisper of the forest tree,
The thunder of the inland sea,
Unite in one grand symphony
Of Michigan, my Michigan.