



Wisconsin Manufacturers & Commerce
Focus on What We Can Control

By Kurt R. Bauer, WMC President and CEO

“God grant me the serenity to accept the things I cannot change; courage to change the things I can; and wisdom to know the difference.”

I apply **Reinhold Niebuhr’s** famous Serenity Prayer to WMC’s legislative agenda because there are things Wisconsin can do to control our economic destiny and there are things that are simply outside our control, especially given that Wisconsin accounts for less than two percent of U.S. GDP.

For example, Wisconsin unfortunately has little say in the renegotiation of the North American Free Trade Agreement (NAFTA) that has a big impact on our manufacturers and farmers. Trade between Canada and Mexico equals 46 percent of all state exports and accounted for \$9.6 billion in 2016. At least 249,000 Wisconsin jobs are dependent on NAFTA.

A study released in November 2017 by the U.S. Chamber of Commerce said Wisconsin “would suffer acutely” if the U.S. were to withdraw from NAFTA. The study further says that because so many of our manufactured and agricultural products (particularly dairy) are exported, Wisconsin would be the second-hardest hit state if NAFTA went away.

Wisconsin similarly didn’t have a say in the decision to withdraw from the Trans-Pacific Partnership (TPP), which originally included the U.S., along with 11 other nations. Most economists tie GDP growth with population growth. The working-age population is flat in Europe and the Americas and is declining in Australia. Africa and Asia are growing population, but only Asia is seeing a corresponding expansion of middle class wealth, making the largest continent the most lucrative

potential market for U.S. exports for the foreseeable future. The U.S. not being in the TPP will make it harder for Wisconsin companies to find the customers needed to compensate for stagnation elsewhere.

Birthrates in Wisconsin have been below replacement levels for at least two decades. The result is a critical workforce shortage that is projected to get worse. Part of the solution should be legal immigration, but the dysfunction in the federal system has become another economic issue outside our control. Wisconsin boasts some of the best public and private colleges and universities in the world, which attract the best and brightest students from abroad. But when foreign students earn their degree, too many are denied an H1-B Visa to stay and work in the U.S. Instead, they are sent home to compete against us.

The good news is that over the last eight years Wisconsin has maximized the opportunities we have had to control our state’s economic fortunes. We have enacted an impressive list of tax, regulatory, litigation, and other reforms that have taken Wisconsin from the bottom 10 to the top 10 in *Chief Executive Magazine’s* annual business climate ranking. Act 10, Right to Work, tax relief like the Manufacturers and Agricultural Production Tax Credit, numerous legal reforms, and checks on the power of unelected bureaucrats to promulgate rules are why Wisconsin is outpacing its neighbors in many important economic metrics. It is also why we are seeing Wisconsin companies choosing to expand here and why other companies, like Haribo and Foxconn, are moving here.

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But there is always more work to be done. At the top of WMC’s list is aligning the state and federal versions of the Family Medical Leave Act and following 44 other states in enacting a fee schedule to contain skyrocketing Workers Compensation medical costs. WMC also wants to stop local governments from creating a complicated patchwork of environmental regulations and from imposing various human resource-related mandates on employers. Wisconsin also needs to improve high-speed Internet access in rural Wisconsin and fight the opioid and methamphetamine epidemic that is taking too many valuable people out of the already-shrinking labor force. Finally, we need to dedicate more resources to market our high quality of life and diverse career options to encourage inward migration to Wisconsin.

Founded in 1911, Wisconsin Manufacturers & Commerce (WMC) is the combined Wisconsin Chamber of Commerce, Manufacturers’ Association and Safety Council. WMC represents 3,800 employers of all sizes and from every sector of the economy.