

Taking Credit for the Sun Coming Up

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While making decisions that negatively impact the very infrastructure important to growing Wisconsin's economy, the governor and legislative leaders use statistics that do not reflect anything more than the state's historical relationship to national statistics.

MADISON - "Wisconsin lowered taxes and reduced regulation and that increased jobs in the state, right?" A journalist from a national newspaper asked about the state of our economy for a story he was writing.

"The assumption you are making is that the only thing holding back growth is taxes paid by business," I told the reporter. "And regulation," he added.

I explained to the reporter that economic growth depended on many factors. Business needs a skilled workforce. Companies need a functioning infrastructure, including broadband, an efficient transportation system, good schools, a university system on the edge of tomorrow, safe streets, and vibrant communities where people want to live, work, start a business and raise a family.

Cutting taxes has set Wisconsin back on all these essential ingredients.

For two years, we heard about many job openings in the state but no skilled workers to fill them. At a recent Eau Claire Chamber of Commerce meeting, business leaders talked about the lack of skilled workers holding back their companies' expansion. There is a strong connection between historic budget cuts to schools, technical colleges and the University of Wisconsin system and the lack of skilled workers.

Our transportation system suffers as the Governor refuses to raise fees to cover deteriorating roads and bridges. Instead, he talks about stopping transportation projects already in progress and borrowing more money with a transportation budget already paying one of every four dollars on debt.

While Minnesota debated making a hundred million dollar investment in rural broadband, our state leaders put just a little over 3 million in the current budget – not enough to cover my home county, one of the smallest in the state.

The Governor's approach to cutting taxes has not worked to create jobs. Wisconsin lagged the national economy in recovering from the 2008-09 recession. Our state took six years to gain back all the jobs lost in the Great Recession – a whole year after the nation recovered and two years after Minnesota recovered.

The numbers indicate that Wisconsin's economy has done little on its own and can only boast of being the beneficiary of spillover effects from the national economic recovery.

In recent months, Governor Walker took credit for things that were historically true of Wisconsin. For example, the state unemployment rate is lower than the national unemployment rate. Wisconsin's unemployment rate has been lower than the national average in 28 of the last 36 years.

The Governor bragged about our labor participation rate. However, Wisconsin's labor participation rate was higher than the national average for at least 30 years, possibly more.

Taking credit for Wisconsin being better than the nation in those two measures is like taking credit for the sun coming up in the morning. These numbers are little more than a reflection of the historical differences between Wisconsin and the nation.

Likewise, the increase in manufacturing jobs, which supposedly justifies the half a billion in tax

credits over the next biennium, is little more than a reflection of the national increase in manufacturing jobs.

The most discouraging measure of our lagging economy is the recent Ewing Marion Kauffman Foundation report, which for the second year in a row, ranks Wisconsin last in the nation in start-up business activity.

New businesses are the source of over 25% of new jobs in Wisconsin according to a report released earlier this year by the Center for Community and Economic Development at UW-Madison. In its report, the Center provides insight on how to create a vibrant economy; “developing generally attractive communities where people want to live may be the key to business location.”

The state needs to invest in good schools, safe streets, clean parks and the arts. We need partnerships between business and the public sector. We can encourage those who would take risks, experiment and cooperate with new business ventures. We must focus on growing many businesses at home instead of spending hundreds of millions to lure a few companies from other states.

Our economy is complicated, dynamic, interrelated and requires a balanced comprehensive approach. Taking credit for the sun coming up does not move us forward.

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