



Building a Stronger Wisconsin

Wisconsin has long been a state of innovation and progress, in our public and private sectors. In the last century, the state's Workers Compensation and Unemployment Insurance systems served as models for the nation. The challenges we face continue to evolve so our tradition of leadership and innovation will continue to evolve as well. *Building a Stronger Wisconsin* offers concrete policy ideas that respond to the changes and challenges of this new century while ensuring that prosperity and opportunity in the state are more broadly shared.

Why Do We Need to Build A Stronger Wisconsin?

Data on jobs and income for the state describe a very mixed picture. The total job base is growing. The median wage is growing and more money is coming into the average Wisconsin family. But rising health care and energy costs drain that money out again. Declining health insurance and pension coverage mean rising economic insecurity. And some Wisconsin workers and their dependents have very little good economic news. Blacks in the state have long been on the short end of economic growth, and still are. Wisconsin women, who have exceptionally high rates of labor force participation, continue to earn less than men. Nearly one-in-five Wisconsin children now live in poverty. A large portion of our workforce remains in "poverty wage" jobs insufficient to carry a family of four above an insecure existence.

Wisconsin is part of a national economy, and national trends have not been good for workers. Over the past generation, the basic law of shared prosperity in America—that increased productivity and profits mean increased worker incomes—has been broadly repealed. Productivity has continued to rise, but almost all the real income gains have gone to those near the very top of the income distribution. Workers at the bottom or in the middle haven't seen real gains for so long that it barely even counts as news anymore.

An accumulation of signs—weakening housing markets, declining consumer confidence, and global trade imbalances and market instability—all point to a significant risks on the horizon.

Wisconsin cannot immunize itself from such adverse national trends, any more than it can from forces that have battered the Great Lakes region to which we belong. Despite the economic environment in which we've operated, Wisconsin has recently done relatively well. Well compared to national trends, and well compared to most of our Midwest neighbors.

Foundations for a Stronger Wisconsin

Wisconsin has taken a number of steps toward a stronger Wisconsin economy.

Wisconsin is increasingly focusing strategic efforts more clearly on preparing and connecting "qualified workers for quality jobs"—a simple enough phrase, but one implying vast change in how we do our business as a state—and begun the difficult process of institutional reform required for that focus. Some of these reforms are reflected in better cooperation among large state systems. The state has also encouraged efforts, within its major economic regions, to get local public institutions better aligned with each other, and in better conversation with the local

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Center on Wisconsin Strategy



C O W S

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The Center on Wisconsin Strategy (COWS) is a non-profit, nonpartisan “think-and-do tank” dedicated to improving economic performance and living standards in the state of Wisconsin and nationally. Based at the University of Wisconsin-Madison, COWS works to promote “high road” strategies that support living wages, environmental sustainability, strong communities, and public accountability.

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business community. This is reflected in, among other initiatives, such new regional efforts as Milwaukee Seven, New North, and the expansion of the longer-standing South Central-based Jobs With a Future partnership into Southwest Wisconsin.

The state is also increasingly targeting its economic development assistance and reform efforts on the foundations of our economy, our industries—from core industries like dairy farming and manufacturing, to emerging ones, like biosciences and “clean energy” clusters. Working towards energy independence through efficiency and clean energy production holds real promise for the state.

While we can take some satisfaction in Wisconsin’s recent economic performance, and recent policy steps like those just mentioned, we shouldn’t take too much. Pressures on this economy are only going to increase in coming years. Even to maintain living standards, Wisconsin is going to have to organize our strategic response even better.

The goals for our state are straightforward if hard to achieve. We want strong and inclusive economic growth and broad and sustainable prosperity. There are three pillars of such an economy that need to be strengthened, and COWS has concrete policy ideas for each.

Qualified Workers—Wisconsin must continue to develop and strengthen efforts to prepare all Wisconsin residents for education and skill advancement, starting earlier in life and continuing beyond high school and post-secondary training. That requires that education be of high quality, affordable, and easily accessed by working adults as well as children. It would also require that education be attentive, especially at its end, to the needs of the labor market we’re trying to create. COWS policy briefs on working adults and on early childhood education offer suggestions for building human capital in the state.

Quality Jobs—Wisconsin needs an expanding base of good jobs that offer family supporting wages and benefits. We need a growing good job base in our core existing areas of economic strength (the industry sectors that currently make up the state’s economy), and also expansion in those emerging sectors that look especially promising for this state. We would also want, in thinking about the distribution of those good jobs, to be attentive to nurturing growth in depressed regions of the state. COWS policy briefs on the minimum wage, energy, and an energy efficiency retrofit for Milwaukee provide ideas about building stronger job quality in the state.

- **Efficient and Accountable Government**—While markets are the drivers of economic growth, government is also needed. Just like sports competition, market competition requires clear rules and their fair enforcement to work and promote excellence.
- Government is needed to set and enforce those rules. Government is also needed to provide public goods—education, infrastructure, basic research—that markets require for higher productivity. As government supplies these things, we want government to be maximally efficient and accountable. But then, assuming government meets that expectation, we Wisconsinites will still need to decide how to give government enough money to do the job. And that will mean reforming our current revenue system, which doesn’t do this basic task, even as it so divides our politics. With stronger corporate tax disclosure and subsidy accountability in the state, we could make more informed choices and investments. COWS policy papers on these issues suggest some ways that such information could be gathered.

- In the coming months, COWS will be expanding our policy list to build a stronger Wisconsin. These ideas build Wisconsin, and build opportunity within it, to ensure that Wisconsin grows stronger, and grows together.