

## Issue Highlights

### ❖ SECTION 1

- The Department of Revenue indicated that 24,500 jobs have been created since January 2010. The manufacturing sector, long the driving force of the state economy, has been the leading source of the employment boom. **With the creation of nearly ten-thousand manufacturing jobs since the beginning of the year, the Wisconsin economy will once again become an engine of growth, innovation, and productivity.**

### ❖ SECTION 2

- Wisconsinites should expect to see their personal income increase by a paltry amount in the next two fiscal years. The Wisconsin Department of Revenue notes that household income is expected to increase by 2.7% in 2010. While personal income growth is to be lauded, it has little effect on consumers or economic growth, when the government continues to raise taxes. **The most viable solution for ensuring economic recovery is cutting taxes, while at the same time, vastly expanding personal income. Tax cuts, not tax increases, will provide Wisconsinites with more money to be spent on stimulating the economy, and paying off their loans or debts.**

### ❖ SECTION 3

- The Department of Revenue's *Economic Outlook Report* indicates that Wisconsin economy will recover much faster than that of the United States, due to the sheer size and complexity of the United States economy. **The federal government needs to follow the economic models being espoused by states such as Texas, Alaska, Alabama, and Wisconsin, to name a few, all of whom has witnessed economic recovery in this time of tumult.**

## SECTION 1

**With the creation of nearly ten-thousand manufacturing jobs since the beginning of the year, the Wisconsin economy will once again become an engine of growth, innovation, and productivity.**

This week, the Wisconsin Department of Revenue released an intriguing and statistics-laden document entitled *The Wisconsin Economic Outlook*, in which they remark that since the onset of 2010, the State of Wisconsin has created 25,400 new jobs.

Manufacturing, long the cornerstone of the state economy, is the engine driving the economic recovery and job growth. Since January 2010, the manufacturing sector has created nearly 10,900 new jobs. In fact, more jobs have been created in the manufacturing sector than in any other entity of the state labor force. The Wisconsin Department of Revenue notes that during the past several years the Wisconsin manufacturing sector has been more productive than the U.S. manufacturing industry and is expected to remain that way for years to come.

In 2011, it is predicted that the State of Wisconsin will see a 4.7% increase in manufacturing jobs. Conversely, at the national level, manufacturing employment is expected to increase by just 4.3%. Wisconsin has one of the largest and most vibrant manufacturing sectors. In their enthralling report, the Department of Revenue writes, "The expected recovery in the manufacturing sector is fueled by the inventory cycle in the short term and a recovery of domestic and foreign demand in the medium term." The manufacturing industry is currently the third largest employer in Wisconsin and is expected to rise to the second largest when the economy rebounds. Currently, 15.6% of Wisconsin's total employment is in the manufacturing sector; whereas, manufacturing comprises a meager 8.6% of the national workforce. In order for Wisconsin to remain an economic superpower, and a leader in technological innovation, it is paramount the manufacturing sector creates copious jobs in the years ahead.

## **SECTION 2**

**The most viable solution for ensuring economic recovery is cutting taxes while, at the same time, vastly expanding personal income. Tax cuts, not tax increases, will provide Wisconsinites with more money to be spent on stimulating the economy, and paying off their loans or debts.**

The Department of Revenue made note of the fact a unique dichotomy is taking place in Wisconsin; the government is continuing to raise taxes while personal and disposable income levels are also increasing. Economic growth is precipitated by consumer spending, not increased taxes. Thus, it is imperative that the state works ravenously to ensure that citizens are able to keep more of their own money.

The WI Department of Revenue predicts that personal income will witness a steady increase for the next four years. Personal income is expected to increase to 2.4% this year; 4.4% in 2011, and 4.2% in 2012 and 2013. When it comes to personal income, Wisconsin falls below the national average, which is predicted to rise to 4.8% in 2012 and 2013. Tax increases, when coupled with an increase in personal income levels, stymies economic productivity. It is imperative that the state government cuts taxes in order to prompt economic recovery and ensure that individuals are able to keep more of their income. **PAI is contacting the Wisconsin legislator to secure answers on why growth rates will be lower for Wisconsin. Look for this report in subsequent snap-shot pieces.**

## **SECTION 3**

**The federal government needs to follow the economic models being implemented by states such as Texas, Alaska, Alabama, and Wisconsin, all of whom have witnessed economic recovery in this time of tumult.**

The federal government, if it wants to ensure job growth, tax cuts, business incentives and a reduction of the corporate tax rate, must emulate the economic models devised by the states who have thus far witnessed economic growth. Several states have witnessed unprecedented economic growth in the past two years, mainly: Texas, America's most robust and vibrant economy; Alaska, the epicenter of the nation's oil production; Alabama, the home of several foreign automobile plants—Honda and Toyota—and Wisconsin, the state that encompasses the largest number of manufacturing jobs per capita.

Each of these states has witnessed economic revival due mainly to the fact they have cut taxes, drastically reduced spending, provided businesses with incentives, reduced their corporate tax rates and made job creation the focal point of their domestic policy agendas. Texas' economic success can be attributed largely to the availability of jobs, the low cost of housing, the lack of a personal income tax, and the lowest corporate income tax rate in the United States. In fact, *Fortune*, one of the nation's foremost business periodicals noted that thirty-eight billionaires and fifty-eight Fortune 500 companies currently reside in the "Lone Star State." In addition, Texas is the only state not affected by the economic recession. The USG, despite having a larger and more intricate economy than the aforementioned states, can witness similar economic growth if it cuts taxes, reducing spending, and decreases its corporate tax rate. The federal government, if it intends to witness economic vitality, must emulate the strategies implemented by the abovementioned states.

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