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# BOON OR BANE? CRITICS WONDER WHETHER WISCONSIN MANUFACTURERS & COMMERCE DOES MORE HARM THAN GOOD DOES WMC DO MORE HARM THAN GOOD?

By [Mike Ivey](#) The Capital Times

It's become the most powerful business voice in the state, with pockets deep enough to sway a statewide election.

And when the final numbers come in, Wisconsin Manufacturers & Commerce will have spent an estimated \$6 million on campaign advertising in the past year.

That figure includes some \$1.5 million in attack ads aimed at Madison attorney Linda Clifford, who lost the April election to Washington County Judge Annette Ziegler for an open seat on the Wisconsin Supreme Court. WMC also poured money into November's attorney general race, helping Republican J.B. Van Hollen defeat Democrat Kathleen Falk.

But as those elections fade into memory, some critics are wondering whether WMC's approach - including its one-note drumbeat about Wisconsin's taxes being too high - is doing more harm than good to the state's business reputation.

"What has WMC done to grow the economy or create jobs in Wisconsin?" asked state Democratic Party head Joe Wineke. "Absolutely nothing. It's too busy dragging our political process into the gutter and spending millions of dollars in negative campaign advertisements to worry about a positive business climate."

WMC is quick to counter those charges, arguing that getting involved in the political process is central to its mission. The association - which has seen its membership swell to a record 4,000 - has long advocated for lower taxes, civil justice reform and regulatory relief.

At the same time, WMC Vice President James Buchen said the group is not interested in playing cheerleader. He said the role of boosting business or recruiting companies to locate here belongs to organizations like Forward Wisconsin or the state Department of Commerce.

"Our job is to improve the overall product here so those guys actually have something to sell," said Buchen.

Buchen also dismissed claims WMC is doing more to hurt the state's business climate than improve it. He said it's no secret Wisconsin has one of the nation's highest state tax burdens - at least in terms of personal income and property taxes.

Wisconsin ranked sixth nationally in total tax burden among the 50 states last year, according to the Wisconsin Taxpayers Alliance.

"It doesn't do us any good to put on rose-colored glasses," said Buchen. "All you have to do is pick up the Wall Street Journal to see where we rank nationally."

By contrast, Wineke said Gov. Jim Doyle has worked with members of both parties, Chambers of Commerce, and business owners around the state to bring "thousands of family-supporting jobs back to our communities."

Whether either approach is doing that much to improve the state's economic picture remains open to debate. Wisconsin has struggled to shift its economy from traditional areas of manufacturing and agriculture to a high-technology or "knowledge-based" economy.

The state has lost more than 100,000 manufacturing jobs since 2000 and few expect those jobs to return. Its largest city, Milwaukee, has been especially hard hit and continues to lose not only jobs but population.

In 1960 Milwaukee was the 11th largest city in the United States, with more residents than San Francisco, Dallas or Phoenix. Today it's fallen to 23rd and it had the fourth largest population loss of any U.S. city in the last census.

Political insiders have speculated about a rift among WMC members who don't agree with the association's partisan approach or its free-spending campaign ways.

But WMC board members interviewed by The Capital Times said they were generally pleased with what they receive in return for their membership dues, which start at a base rate of \$360 and increase on a per-employee basis.

Tim Christen, CEO of the Madison-based Virchow, Krause & Co. accounting firm and treasurer of the WMC board, said the association is getting its message heard in spite of the criticism. Still, he wouldn't mind a bit more civility in the political process.

"Personally, just speaking as a citizen and not a WMC board member, I'd like to see a little less polarized environment," he said. "But I think WMC is doing a tremendous amount of good work in the state."

Christen is bullish on the Wisconsin business climate, saying the state has a great story to tell, from its top-notch educational system to a high quality of life.

"I feel we have tremendous assets to offer," he said. "The danger is that people with money can always move away if they think the tax burden is too onerous."

Madison marketing executive Marsha Lindsay recently stepped down from the WMC board after more than 10 years of service but she said it had nothing to do with the group's direction.

"The Supreme Court race was certainly a doozy but my term expired in January and it seemed a natural evolution to leave," she said.

Lindsay did express hope that the amount of money spent in the Supreme Court race would spark some reform.

Still, some observers say WMC's approach has taken a turn for the nasty in the 20 years since Paul Hassett headed the organization. An "old school" Republican who served under Gov. Warren Knowles, Hassett would often remind business interests that investments in good roads, schools and public services were vital to the state's economic well-being.

"My own feeling is that WMC has changed dramatically," said Mike McCabe, executive director of the Wisconsin Democracy Campaign, which advocates for limiting special interest money in politics.

Indeed, in 1996 under current President Jim Haney, WMC pioneered the use of phony "issue ads" in Wisconsin politics. WMC reportedly spent \$400,000 on ads that year criticizing six Democratic candidates including Senate Majority Leader Chuck Chvala. As a private membership organization, however, WMC refused to say where the money came from.

"That's the problem," said Jay Heck, executive director of Common Cause, a statewide good government group with some 4,000 members. "Groups like WMC don't have to disclose the source of their funding."

The question quickly spilled into the courts, with the state Elections Board filing a lawsuit saying WMC violated campaign rules by not disclosing who paid for the media spots.

The Wisconsin Supreme Court in a split decision eventually ruled WMC had not violated existing campaign finance laws, although it urged the Legislature to write new rules clarifying which advertising would require funding disclosures.

Since then, outside money has continued to pour into state political races and WMC has been among the most aggressive - although certainly not the only - advocacy group to spend freely.

"I don't think it's a case of WMC changing as much as the tenor of the times has changed," said John Torinus, CEO of Serigraph in West Bend and a longtime WMC board member. "Politics in Wisconsin are a lot different than they were 20 years ago."

Torinus said money has become "the edge of the wedge" that has brought so much divisiveness to both elections and the legislative process.

"It's an arms race between a lot of groups," he said. "You've got everybody from Right to Life to the Sierra Club involved."

Randy Smith, president of City Brewing Co. in La Crosse, has just begun his first term on the WMC board and is quickly getting an education in the nature of campaigning.

"I'm not a real political guy so I guess I'm a little troubled by what is going on," said Smith, who has been instrumental in helping turn the former Heileman Brewing Co. back into one of the largest employers in La Crosse.

Smith said taxes and regulation are a concern for all business owners but are certainly not the only issue.

"Sure, taxes are important but they don't make or break us," he said.

Just where Wisconsin ranks in terms of taxes is subject to interpretation.

A study released last week by the Institute for Wisconsin's Future said businesses here pay a smaller share of taxes than in 40 other states. The study found that businesses in Wisconsin pay about 35 percent of all state taxes, according to Ernst & Young, compared to a nationwide average of 40 percent.

Those are the kind of figures that could actually help recruit more companies to locate in Wisconsin.

But Rep. Spencer Black, D-Madison, said WMC has done so much complaining about taxes and regulation that it's given the state a reputation it may not deserve.

"So much of business is based on perception," he said. "I think WMC has become so blinded by its ideals that it's lost sight of its original mission to help business."

Wisconsin Manufacturers & Commerce, according to its Web site ([www.wmc.org](http://www.wmc.org)), is a statewide business association "working to advance policies it believes are in the public interest of the state and nation." It counts some 4,000 members that include both large and small manufacturers, service companies, Chambers of Commerce and specialized trade associations. The group traces its roots to 1911 and is a product of the merger of the Wisconsin Manufacturers Association, the State Chamber of Commerce and the Wisconsin Council of Safety.

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