

Wisconsin Manufacturers & Commerce: Tariffs are biting Wisconsin businesses, but the pain may be worth it

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MADISON – President Donald Trump’s tariffs are biting Wisconsin companies, but a majority of business leaders support them anyway, according to a semi-annual economic survey conducted by Wisconsin Manufacturers & Commerce (WMC) – the State Chamber of Commerce.

While 47 percent of the 204 survey respondents said the tariffs are having a negative effect on their business, 67 percent said they either “strongly” or “somewhat” support tariffs imposed on China. The reason is best summed up by this response from the open-ended section of the survey: “Our company is being hurt by the tariffs, but I feel the U.S. needs fair trade throughout the world.”

“Wisconsin business leaders demand fairness in our trade relations with other nations,” explained WMC President & CEO Kurt Bauer. “The U.S. opens its markets to foreign companies with the expectation of reciprocal treatment, which doesn’t always occur, especially when it comes to China. The general sentiment expressed in this survey is that something drastic needs to be done to force a change.”

Bauer confessed to being somewhat surprised by the strong support for the tariffs, but noted business leaders clearly trust the president on economic issues.

According to the survey, Trump’s approval rating is 80 percent, unchanged from six months ago. The same percentage also say the U.S. is headed in the right direction. Despite the negative impact of the tariffs, the survey shows general economic optimism, albeit a little less than six months ago. Fifty percent say they will add staff during the second half of 2019, down from 55 percent in December, and 77

percent rate the U.S. economy as either “strong” or “very strong,” down from 81 percent.

Labor availability and health care costs remain the business community’s biggest concerns, according to the survey. Eight-one percent said they are having trouble finding employees, up from 74 percent in December and 76 percent a year ago. And when asked “what is the one thing state government could do to help your business,” 33 percent answered “make health care more affordable,” followed by “reduce taxes” (21.5 percent) and “reduce/reform regulations” (19 percent). Seventy-eight percent of business leaders rate the Wisconsin economy as either “strong” or “very strong,” unchanged from December. Fifty-eight percent say the Wisconsin economy will see “moderate growth” in the next six months, which was unchanged from December. However, 59 percent of respondents said Wisconsin was headed in the wrong direction. In December, 68 percent said the state was headed in the right direction. The sharp reversal in attitude may be a reaction to Gov. Tony Evers’ proposed state budget released in February. In fact, 78 percent either strongly (55 percent) or somewhat (22.5 percent) disapproved of the job Gov. Evers is doing. This survey is the first time business leaders have been asked to rate Evers’ performance as governor.

Other findings:

- Ninety percent said their business was profitable during the last six months and 93 percent predict that their business will be profitable during the next six months. Both numbers are up slightly from 88 percent and 92 percent, respectively.
- Sixty-seven percent of business leaders oppose providing illegal aliens with driving permits. The question was included in the survey in response to a provision in Gov. Evers’ budget proposal. Fifty-five percent also oppose Gov. Evers’ plan to expand Medicaid and 66.5 percent oppose Gov. Evers’ proposal to eliminate drug testing in order to receive food stamps or welfare benefits in Wisconsin.
- Given the ongoing concerns over labor availability, it is no surprise that 75 percent support continuing the state talent attraction campaign designed to lure Midwest millennials and veterans to Wisconsin.