

Wisconsin's economy  
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Fifty years ago, Wisconsin's economic base seemed quite secure. A vigorous set of steel-based manufacturing industries in the Southeastern part of the state complemented a thriving set of agricultural and forest industries in the rest of the state to give Wisconsin a diverse, high-wage economy located right in the middle of the unchallenged American economy.

While Wisconsin's economy continues to do relatively well today, it feels challenged on many fronts. Its manufacturing firms face low-wage competition from abroad that has led to many plant closures. Its paper industry is shrinking because pulp is cheaper abroad. Many of its skill-based machinery manufacturers remain competitive, though they are threatened by rapidly improving quality abroad and by a shrinking pipeline of young skilled craftsmen.

Wisconsin does not have a heavy participation in the computer and electronics industries that grew so rapidly in the last two decades on the coasts. Its once dominant position in many lines of industrial equipment gave it no advantage in the electronic revolution, and its lack of a major metropolitan area to compete with Minneapolis and Chicago caused it to miss the growth of high income business services that thrive in those two large cities.

Despite these challenges, Wisconsin continues to grow at a decent rate. It has a solid manufacturing base which has grown more rapidly than has manufacturing in most states. It is well placed in some of the newer manufacturing industries which should provide pockets of strength in the future. These would include medical instruments, plastics and biotech. Its medical instrument strength is centered in Waukesha, just West of Milwaukee, anchored by the large General Electric plant and research facility. Its many small plastics firms have heavy participation in the ongoing technical developments that are leading to the replacement of metals with plastics in many uses, including automotive. The new Boeing dreamliner for example will be made out of plastic and Mercedes plans soon to release an auto with a plastic body. The biotech industry feeds off the university Campus in Madison, and is growing strongly.

In the Northwest, Wisconsin has several counties that are well placed in a rapidly growing ring of suburbs around Minneapolis. The extension of Chicago into Wisconsin's Southeast is not yet as pronounced as that of Minneapolis in the Northwest, but in both cases, I expect the extensions of these megalopoli will provide Wisconsin with a set of high income exurbs much as Connecticut has thrived by being the rural outpost of Boston and New York.