



WISCONSIN'S BUSINESS VOICE SINCE 1911

Testimony before the
Financial Institutions and Consumer Credit Subcommittee
of the U.S. House Committee on Financial Services
October 31, 2011
Wausau, Wisconsin
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Chairman Moore Capito and members of the committee, my name is Kurt Bauer. I am president and CEO of Wisconsin Manufacturers & Commerce (WMC), Wisconsin's largest business and industry trade association. Founded in 1911, WMC represents 3,500 businesses of all sizes and from every sector of the economy.

It is my honor to appear before you today to discuss business credit availability and other obstacles impeding job growth and a broader economic recovery in Wisconsin and in our nation.

In preparing my remarks today, I reviewed recent surveys WMC has conducted of our member businesses and our local chamber of commerce partners.

Access to credit was not listed as a primary concern in any of those surveys. That can perhaps be attributed to the fact that Wisconsin is fortunate to have nearly 300 banks, which gives businesses many options. Clearly, those banks continue to serve the needs of their business clients.

In a survey, conducted by the National Association of Manufacturers (NAM) and IndustryWeek, 6.1 percent of the more than 300 respondents report that access to capital has been a challenge.

WMC agrees with comments made repeatedly by the U.S. Chamber of Commerce about the negative effects of the massive Dodd-Frank financial regulatory reform act on the national economy.

Credit is the life blood of free enterprise. Our members rely on relationships with financial institutions to grow in good times and to survive in challenging times. Dodd-Frank clearly threatens that relationship by adding more costly regulatory burdens on an already heavily regulated and much maligned industry.

I have heard antidotal evidence from business leaders about how much more difficult it has become to apply for credit, even with a financial institution the business has a prior relationship with. To be sure, the greatly expanded regulatory burdens being imposed on financial institutions from new laws, reinterpreted rules or simply by fiat from examiners are also being passed on to businesses.

Hardest hit are small businesses, who employ the majority of our workforce in Wisconsin and nationally, and who are by far the most vulnerable during weak economic conditions like what exists today.

In my view, there has been an overreaction, which has been compounded by overregulation in response to the financial crisis. Both have been fueled by a stunning failure to understand the root causes of the Great Recession. Our economy was not damaged by too few laws and regulations on lenders. It was damaged by failing to enforce those laws and regulations on entities that operated outside the structure of highly regulated and examined depository institutions.

Unfortunately for our economy, that overreaction-overregulation scenario is not unique to the financial sector. Businesses are seeing the same formula repeated in too many other areas, including from the Environmental Protection Agency, National Labor Relations Board, Occupational Safety and Health Administration and the 2010 health care reform laws.

In fact, federal laws, policies and proposals are by far the biggest cause of uncertainty, which I define as a lack of confidence in the economy caused by factors beyond a business' control.

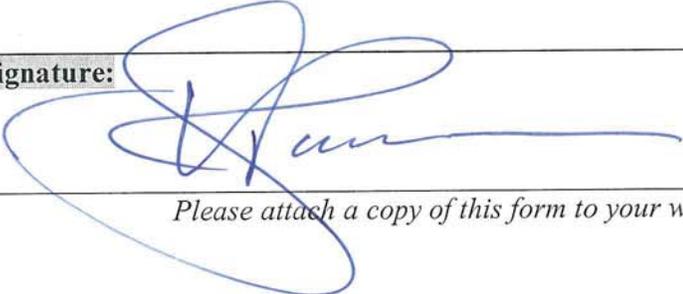
Quite literally adding insult to injury, Wisconsin's business and industry leaders chaff at calls for federal corporate tax increases and the continued vilification of job creators by some national leaders.

Businesses in Wisconsin and nationally face many headwinds in this economy. In order for a sustained recovery to begin and for employment to grow, businesses need certainty, confidence and demand. That will be difficult to achieve under the current punishing regulatory and political environment.

United States House of Representatives
Committee on Financial Services

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KURT R. BAUER	WISCONSIN MANUFACTURERS & COMMERCE
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4. Have <u>you</u> received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?	5. Have any of the <u>organizations you are representing</u> received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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