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Job marketing

With 900,000 jobs lost since 2001, President Bush and Democratic challenger John Kerry promise economic recovery

By Paul Wilson

Business Editor

After AT&T announced last week that it would lay off about 275 people in November and close its Charleston call center, Doug Harris spent the morning reassuring his colleagues and wiping away their tears.

Later, he said he said he'd like to believe his own reassurances. And the 28-year AT&T employee had no doubt why he lost his job.

"They're not telling us they've been outsourced," Harris said. "But that's what we know has happened."

The closure apparently happened because of a federal court ruling that prompted AT&T to "shift focus" from residential service.

Democratic presidential nominee John Kerry has made outsourcing a key point in his run for the White House. At a campaign stop in North Carolina last week, Kerry said President Bush is "actually encouraging the export of American jobs." Kerry's running mate John Edwards instructed a crowd in Parkersburg "to outsource this administration."

Outsourcing is a hot button in West Virginia where many jobs have dried up, thanks in some cases to outsourcing.

But economists, pro-business officials and even Kerry advisers — including W. Bowman Cutter — say outsourcing isn't the primary reason for recent job losses, including those in the U.S. manufacturing base that has been eroding for decades.

"I'll break ranks with the Democratic Party leadership here, but outsourcing is kind of like a big chimera," Cutter said in an interview with the Gazette-Mail last week. "It's actually very hard to outsource."

A chimera is defined as “an imaginary monster compounded of incongruous parts.” Other Kerry advisers — Robert Rubin and Robert Reich — also said last week that outsourcing is just part of a larger problem. Technological advances have caused far more job losses than outsourcing, economists say.

Still, 900,000 jobs have been lost since Bush took office in early 2001. That includes 2.7 million manufacturing jobs nationally, and 10,300 in West Virginia, according to the state Bureau of Employment Programs. Kerry often notes Bush will be the first president since Herbert Hoover to have net job losses.

But Bush counters by citing recent job growth — 1.7 million new jobs since August 2003 — and says the country weathered the recession under his leadership, thanks to tax cuts. Campaign officials here also point to 1,300 more mining jobs and 11,000 more total jobs in West Virginia than when Bush took office.

Regardless, both presidential candidates offer plans they say will create jobs and spur the economy in the coming years. But neither plan gets rave reviews from economists.

“Listening to Kerry’s [convention] speech was really disheartening to me. I didn’t really want to hear it,” said Peter Z. Grossman, Efrogmson Chair in Economics at Butler University in Indianapolis. “And Bush, whatever he said, I’m going more by what he did than by what he said.

“I don’t know what to say about that except that I’m discouraged.”

Their records

Kerry, as his Republican critics are quick to point out, has not penned a major piece of legislation in 19 years as a senator. But congressional votes in recent years show a man who has opposed Bush’s tax cuts, but almost always supports free trade.

In 2002, Kerry voted for fast-track legislation to allow Bush to negotiate trade pacts with foreign nations and present those agreements to the Senate for a simple “yes” or “no” vote.

The bill was approved 64-34 and stripped senators of longstanding rights to change and amend all foreign-trade agreements. Sens. Robert C. Byrd and Jay Rockefeller, both D-W.Va., opposed the

legislation, which came when U.S. steelmakers, including those in the Northern Panhandle, were in dire financial straights.

“The crisis that has struck our domestic steel industry is a glaring example of a failure to adequately enforce U.S. trade law and is evidence of the need for Congressional involvement,” Byrd said in a February 2002 letter to then-Senate Majority Leader Tom Daschle, D-S.D.

In 1993, Kerry voted for the North America Free Trade Agreement, and later Kerry supported expanding trade with countries in Asia, Central America and the Caribbean. He also voted to start normal trade with Vietnam and China.

Kerry did not vote on two free-trade pacts with Singapore and Chile, which Congress approved last year. Kerry also has pressed for stronger labor and environmental language than Bush has required in many free-trade agreements.

Kerry, however, voted against both Bush tax cuts and says that, as president, he would raise taxes for Americans earning more than \$200,000 a year. He also consistently voted against repealing the estate tax in recent years.

“Republicans say [Kerry] is the Senate’s most left-wing member, an archetypal ‘Massachusetts liberal.’ Yet he has been close to the Democratic Leadership Council, the party’s moderate, pro-business wing, for years,” according to a July story in *The Economist*.

#### Kerry’s voting record

Some partisan groups are consistent in their appraisals of Kerry’s voting record. Most labor groups rated him consistently high, and most low-tax advocacy organizations rated him very poorly, according to [www.vote-smart.org](http://www.vote-smart.org).

But his voting record on trade seems to cause fluctuations among some groups.

In 2003, when Kerry voted against the second Bush tax cut, the U.S. Chamber of Commerce said Kerry voted its preferred position 0 percent of the time. But in 2002, when Kerry voted for fast-track authority for Bush, they said he voted correctly 55 percent of the time.

Similarly, the chamber said Kerry voted correctly 38 percent of the time in 2001, when he voted against Bush's tax cut. In 2000, when he voted to normalize trade with China, he got a 53 percent positive rating.

Kerry promised a 120-day review of existing trade agreements upon taking office, and favors using the World Trade Organization to challenge China's currency practices.

Bush, meanwhile, pushed for many of the recent bilateral agreements and says he is an adamant free trader. But he was criticized for protectionist policies when he imposed tariffs on foreign steel in March 2002.

The former Texas governor told about 10,000 people in downtown Wheeling last month that he "was the man who saved steel."

"I thought I needed to stand up for steel," Bush said in Wheeling. "And I did stand up for steel."

Initially, the tariffs were to be in place for three years. But late last December, Bush cut them off 16 months early to avoid an international trade war. The president said the tariffs, though abbreviated, achieved their purpose.

In May, when Ohio-based International Steel Group bought bankrupt Weirton Steel, 1,100 of the company's 3,000 workers lost their jobs. Since then, the company has rehired some of the laid-off workers, but about 10,000 retirees and their families lost their health insurance when the company went bankrupt.

"The president claimed that he was imposing tariffs on those imports to give America's steel industry and its workers a chance to get back on their feet," Byrd said when Bush lifted the tariffs last year. "But now the Bush team seems more than willing to let the steel industry land flat on its back."

The Northern Panhandle has lost about 15,000 jobs at Weirton and at Wheeling-Pitt in recent decades.

Their proposals

Taking another shot at outsourcing, Kerry suggests taxing income that companies earn in other countries.

Economist Grossman called many of the senator's proposals protectionist, but Kerry adviser Cutter said such proposals would bring American tax policy more in line with the rest of the developed world.

Kerry, in a staple of his campaign, says he would repeal tax cuts to the wealthiest 2 percent of Americans, and use the money to fund tax credits for child care and college tuition.

Cutter said educating Americans becomes increasingly important as the country moves further from its industrial roots to a service-based model.

"It's a refundable credit, so it helps [lower-income families]," Cutter said. "Is it enough? No. But it brings us a lot closer than anything we have right now. We are going to have to find a way to finance college for more people."

#### Throwbacks to Reagan

Bush's proposals to strengthen the economy are largely throwbacks to Ronald Reagan: Cut taxes and the economy will grow.

"The more money in the private sector as opposed to the public sector, the more efficient our economy will be," said Gary Blank, deputy policy director for Bush-Cheney '04.

"You can be much more confident having the president in office when you can keep much more of your money in your pocket ...

"A family of four making \$40,000 has their tax burden reduced by \$1,900. That's real money. Despite the struggles we've had, the recession, terrorist attacks, corporate scandals, that's money they can put to best use. And the president's going to fight to make that permanent."

Bush's plan will halve the federal deficit — now at \$400 billion — in five years, Blank said. Only homeland security and defense would see large spending increases under Bush's plan, Blank said.

However, Bush's tax-cut predictions haven't always played out the way the president said they would.

"[The Bush administration] predicted we should have had 4.3 million new jobs since last July. So far, we are 2.7 million short of that mark," Lawrence Mishel, president of the Washington, D.C. -based Economic Policy Institute, said in telephone press conference earlier this month.

"In August, we had 144,000 new jobs, which was 163,000 short of the 306,000 mark they put out. It is not appropriate to say the tax cuts are working."

Butler University's Grossman, in a column last week in The Indianapolis Star, said the tax cuts "did boost growth somewhat, although estimates suggest ... a relatively small impact."

Tom S. Witt, director of the Bureau of Business and Economic Research at West Virginia University agreed.

"I don't think we got the stimulus from the tax cuts a lot of people believed would be coming," said Witt, adding that most Americans are probably paying what they got from tax cuts on increased gas prices.

"I personally don't think the tax cuts should be continued in their present form," Witt said. "I think we may have been overly generous to high-income individuals."

'Continuation of bad times'

Steve White, director of the state Affiliated Construction Trades Foundation, said for construction workers, another four years of Bush would be "another four years of assault."

"When I hear the business agent for my plumbers up in Wheeling say we've got 100 unemployed plumbers right now, it's almost unheard of," White said. "And it's not just Wheeling. It's Parkersburg and Charleston. It's everywhere."

Less work is available to construction workers because of plant closures in recent years, White said.

While White agrees that the manufacturing base has eroded for decades — more than 50,000 fewer West Virginians work in that sector than they did in 1980 — he said Bush hasn't done enough to solve the problem.

"All I can say is the last three or four years certainly have been continuation of bad times for West Virginia," White said. "The tide has not been turned.

"What adds insult to injury, [is when] we hear from the administration that things are great."

Steve Roberts, president of the West Virginia Chamber of Commerce, said Bush's tax cuts, support of the coal industry, and his desire to streamline regulatory processes, make him a more popular candidate among the state's business leaders.

"I personally believe that it is worth taking a chance on reducing taxes to stimulate the economy," Roberts said. "But I also believe that we have to be careful to monitor the economic situation and if the tax cuts don't, in fact, stimulate the economy, then we have to look at coming back with some means of reducing the annual deficit spending, even if that includes the possibility of tax increases.

"I couldn't in good conscience say that Senator Kerry's proposal isn't worth looking at, because for many years it was a rallying cry for conservatives to work on reducing the deficit."

Whoever sits in the Oval Office in January will be the leader of a nation that has an \$11 trillion economy — the largest in human history.

Roberts said a sitting president can do a lot to help the economy, but economists Witt and Grossman weren't so sure.

"What one will promise in the election cycle and what one will do when elected are often dramatically different," Witt said. "When you're in the Oval Office and making day-to-day decisions, sometimes things change."

Grossman said: "My own feeling is that there are probably things a president can do to improve a jobs picture by creating various kinds of incentives.

"But generally, my own view is that presidents and Congresses don't have that much of an impact. And thank goodness."

To contact staff writer Paul Wilson, use e-mail or call 348-5179.

This is the second in an ongoing series of articles examining the issues surrounding the presidential election.

Where they stand: jobs and the economy

Jobs

Kerry: Give companies a tax credit to offset costs of worker benefits.

Bush: Cut taxes, and more money can be spent to grow the economy.

Taxes

Kerry: Raise taxes for Americans making more than \$200,000. Use money for tax credits for college tuition and child care.

Bush: Make existing tax cuts permanent.

Retirement

Kerry: Rein in Social Security; consider limiting retirement benefits for the wealthy.

Bush: Divert Social Security contributions to "personal saving accounts."

Trade

Kerry: Supported NAFTA, but now advocates "fair trade, not free trade."

Bush: Imposed, and then lifted, steel tariffs, but also pushed for several bilateral free-trade pacts.