

Executive policies key to successful job growth

Some economists say Bush's tax legislation is not enough to curb what is expected to be a 'mediocre' job market

BY LEIGH STROPE
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WASHINGTON, D.C. — Hiring is picking up and President Bush is on track to preside over job growth in his second term, shedding the Herbert Hoover label of being the first president since the Great Depression to lose jobs under his watch.

Bush's prescription for job growth includes extending the tax cuts passed in his first term, overhauling tax laws, limiting jury awards in lawsuits and increasing domestic energy exploration and production.

Economists say the bigger impediments to job creation are soaring health care and energy costs and the swelling trade deficit, especially with China.

Businesses, not presidents, create jobs. But presidential policies help create economic conditions that affect companies and hiring.

Economists estimate that an average of about 1.4 million jobs in the United States will be created each year over the next decade as businesses strive ever more to compete globally. That compares with an

average of about 2.8 million added annually during President Clinton's eight years in office.

"We can expect to see a mediocre job market for the next year from the perspective of workers," said Peter Morici, an economist and international business professor at the University of Maryland. "And we can expect to see moderate growth in the economy and employment, but not enough to turn what is essentially a buyers' market into a sellers' market."

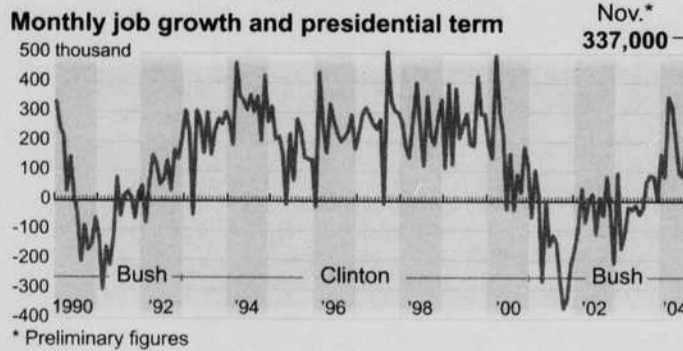
Analysts say Bush's tax cuts helped the economy through recession and that while job creation lagged, extending them would encourage new hiring.

Employers added 1.8 million new workers to their payrolls so far this year, with the hiring outlook brightening greatly in October. But there are 371,000 fewer jobs than when Bush took office in 2001.

"There's no question that when you lower taxes, whether you do it for upper-income, middle- or lower-income, you create jobs," said Anthony Chan, senior economist with JPMorgan Fleming Asset Management.

Job growth hinges on incentives

President Bush's plan for job growth includes extending his five rounds of tax cuts, overhauling the tax code, limiting jury awards in lawsuits and increasing domestic energy production.



Chan said the tax breaks failed to create the millions of jobs promised. But, he said, "The recession probably was a lot milder than it otherwise could have been because of the stimulus."

The cost of making the cuts permanent is more than \$1 trillion, a daunting figure in an age of record budget deficits. But Bush is likely to get much of what he wants with larger Republican majorities in both the House and the Senate.

The ballooning budget deficit hit a record \$413 billion in 2004. It could lead to rising interest rates that limit business investment and slow production. But many economists say the deficit is not an immediate threat to job creation.

"In long run, yes, but in the next

couple of years, probably not," said David Wyss, chief economist at Standard & Poor's in New York. "The biggest problem with deficits is you have to pay them back."

The trade deficit is of greater concern to some economists. U.S. manufacturers say China's practice of tying its currency, the yuan, to the dollar has undervalued China's currency by as much as 40 percent, giving companies there a huge advantage over U.S. competitors.

About 2.7 million manufacturing jobs have been lost since Bush took office and the shift of U.S. jobs to other countries was a major issue in the election, especially in Rust Belt states.

Morici predicted that the manufacturing sector "will continue to

deteriorate to the point of peril. We are now losing our capacity to resurrect it if something is not done soon" to deal with China.

The trade deficit was running at an annual rate of \$592 billion through September. That compares with last year's \$496 billion. The administration has pressed China unsuccessfully to change its currency practices and has promised "to level the playing field."

Other economists say red tape is hurting U.S. companies' ability to compete globally and they praise Bush's goal of continuing to loosen government regulations.

The jobs market has been shaky because of rising costs for health care and other benefits. Employers responded by working their existing employees harder to avoid increased expenses of new workers.

To control health costs, Bush wants to limit jury awards in medical malpractice lawsuits and to expand tax-free health savings accounts that can be used to pay medical bills. Economists doubt the measures would have much effect.

"I really do see what the president wants to do on health care ... as a fig leaf," Morici said.

Economists do not see much relief in the future from oil prices. Bush's energy plan, emphasizing drilling, exploration and production, would add some jobs. Bolstered by a larger majority, Republicans plan to make another push to open an Alaskan wildlife refuge to oil drilling. But Bush's energy plan falls short in conservation and alternative energy sources, which are longer-term problems, economists said.

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Uniforms: EPD says ordinance is proactive

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monetary consequences for Eugene police because it would require other agencies to change their attire, Brown said. But he didn't believe DPS had reason for concern over potential costs.

"They could be phased in," he said. "It doesn't have to be done immediately. Those uniforms don't last forever. For the interim you could put a yellow stripe or something on your hat — do something to distinguish it."

But the recommendation might not affect DPS at all, Police Commissioner Floyd Prozanski said.

The Department of Public Safety, as part of the University, is a state agency, and therefore could block the city from implementing a rule against it, Prozanski said.

As an alternative, the city could push for an exemption from the state rule protecting DPS, or the city and the University could work out a voluntary agreement on uniforms, he said.

University Vice President for Administration Dan Williams said in an e-mail that Eugene's chief of police told him earlier in the week that "the commission's interest was focused primarily on local security service personnel, and not the University DPS staff."

Williams didn't want "to speculate about what, if anything, (they) might do to accommodate the ordinance," unless the University receives a specific request from the city, he said.

The uniform issue has been in discussion since last year. In a past interview with the Emerald, DPS Interim Director Tom Hicks said he was concerned about the recommendation and its potential costs. He estimated replacing the department's roughly 18 uniforms and informing the public about them would cost \$8,000 to \$10,000.

The department's uniforms have shoulder patches and badges that identify their wearers as University

public safety officers and patrol jackets that, with a combination of light and dark blues, also differentiate them from EPD attire. DPS uniforms have the "LAPD blue" color, and are "virtually identical" to other Oregon University System public safety department uniforms, Hicks said.

No existing security agencies other than DPS have uniforms that could be seen as similar to the EPD's, Brown said. The ordinance would be proactive in multiple ways, including helping restrict uniforms purchased by new security agencies, an increasing presence in the growing city of Eugene, he said.

"At least it's a good faith effort on the part of the city that they recognize the problem and are trying to make a distinction so there's no confusion in the community," Brown said. "DPS has the option of going along with it."

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