



GOP worries grow on job losses

BY TOM CURRY, MSNBC

Concerned about the loss of factory jobs and with an eye on next year's election, some congressional Republicans are pushing protectionist and pro-manufacturing measures -- which may provide cover for incumbents running for re-election. Republicans have offered a range of measures, from beefing up "buy American" provisions in defense contracting to tax breaks for manufacturing firms.

EVEN AS THE House approved free trade accords with Chile and Singapore Thursday, there was an undercurrent of deep worry about the hemorrhage of American manufacturing jobs.

"We're getting killed. Cored out to the bone," said Rep. Don Manzullo, R-Ill., who represents a northern Illinois district with a heavy concentration of machine tool and tool-and-die plants, in an interview with MSNBC.com Thursday. "There's 11.3 percent unemployment in Rockford," the largest city in his district.

Manzullo added that fellow Republican House Speaker Dennis Hastert's district, just south of Manzullo's in Illinois, is "getting hit as unmercifully as mine is. So this is big-time stuff."

'A BIG PROBLEM'

Asked about the effect on next year's election, Manzullo said, "It's going to be a big problem. I met with the president yesterday and I talked to (Bush political strategist) Karl Rove. People vote with their paychecks. I told Karl, 'we're getting killed on manufacturing.' and he said 'yeah, I realize that.'"

"Manufacturing jobs have been disappearing," Manzullo said. "A lot of people thought they were going to come back. Some people followed (Federal Reserve chairman Alan) Greenspan's theory -- which is not working -- that what you lose in higher-value manufacturing you're going to pick up in high-value service jobs. Now those jobs are going, too. America is being cored out to the bone."

Manzullo cited a report from National Association of Manufacturers which said last month, "If the U.S. manufacturing base continues to shrink at its present rate and the critical mass is lost, the manufacturing innovation process will shift to other global centers. Once that happens, a decline in U.S. living standards in the future is virtually assured."

Manzullo is pushing his "Job Protection Act," co-authored by Rep. Phil Crane, R-Ill., and Rep. Charles Rangel, D-N.Y., would cut a U.S.-based manufacturer's corporate income tax rate from 35 percent to 31.5 percent if its products are produced solely in the United States.

Manzullo said he also discussed with Bush his concern that manipulation of currencies by

South Korea, Taiwan, Japan, and China is pricing those countries' goods so low that U.S.-made products can't compete.

FACTORY JOBS LOST

According to the the Bureau of Labor Statistics, the United States has lost nearly 2.8 million manufacturing jobs since 1998, which had marked the most recent high point in the past several years for manufacturing employment.

The long-term trend has been a decline in the number of U.S. manufacturing jobs: in 1973, there were 18.8 million such jobs; today there are fewer than 15 million -- a 20 percent drop.

In traditional manufacturing states such as Illinois, West Virginia and Ohio, job losses could have a decisive effect on the 2004 elections.

In the 2000 elections, President Bush carried West Virginia by 6.3 percentage points and Ohio by 3.5 percentage points, while losing Illinois by 12 points.

Ohio and West Virginia Republicans are urging Bush to retain the tariffs on imported steel which he imposed in March 2002.

Rep. Shelley Moore Capito, R- W.V., said in West Virginia, Weirton Steel and Wheeling Pittsburgh employ about 8,000 workers. Protected by the Bush tariffs, the firms "have been re-structuring, they've been trying to work through their bankruptcies."

The tariffs Bush imposed under a provisions of U.S. trade law known as "section 201" is giving these firms a three-year breathing spell. But Capito warned "if the rug is pulled out from under them" by premature ending of the tariffs, "I have great fear for those companies."

Steel "is the heart and soul of these communities in West Virginia," Capito said. "To not have a steel industry would absolutely obliterate certain areas of our state and our economy."

Capito said Bush carried West Virginia in 2000 because when he campaigned in the state he told voters he'd respond to the downturn in the steel industry. "He kept to his word," Capito said. "In 2004 the people of West Virginia will have great appreciation of that."

Rep. Bob Ney, R- Ohio, who represents a blue-collar district in eastern Ohio, pointed out that Bush had been more responsive to steel workers than his Democratic predecessor.

"We went to the White House. (Former U.S. trade representative Charlene) Barshefsky and (former Treasury Secretary Robert) Rubin would not yield, neither would President Clinton. We got zero. Then Bush came in -- and within five or six months Bush said OK and did the tariffs. The president has been there all along in this plan to save these jobs."

The World Trade Organization recently declared that the tariffs violate international trade rules, but the U.S.-WTO standoff is unlikely to be resolved until after the 2004 election.

Bush's decision to impose the steel tariffs was a deviation from his usual free trade ideology, typified by his support for the Chile and Singapore trade deals the House approved Thursday.

But on another front -- the long-beleaguered U.S. textile industry -- Bush was under more GOP pressure Thursday. Sen. Lindsey Graham, R- S.C., joined a call for re-imposing quotas on Chinese fabric, gloves and other imports.

"I have long maintained that China cheats on trade agreements," said Graham. "The practices of Chinese companies and the policies of the Chinese government are illegal and give them an unfair advantage in the textile market."

MILITARY INDUSTRIAL WOES

In the aftermath of the Sept. 11 terror attacks and the war in Iraq, national security concerns have been added to Republicans' worries about the demise of blue-collar jobs.

Rep. Duncan Hunter, R-Calif., the chairman of the House Armed Services Committee, is championing an increase -- from 50 percent to 65 percent -- of the mandatory made-in-America content of U.S. military items.

Hunter's provision is part of the the 2004 defense authorization bill. The Senate version of the bill does not include a parallel provision, so Hunter will need to persuade senators to adopt his view.

In an interview with MSNBC.com, Hunter said the United States must maintain its military manufacturing capability "so that if we were in a war, we would have a reliable domestic base to produce weapons systems from. In Iraq, one of our most important weapons systems, the JDAM, required a component that came from Switzerland. Switzerland invoked their neutrality act, because the U.N. didn't support our Iraq operation, and cut off the crystals to the JDAM. They claim now that was all a mistake."

But for Hunter the lesson was unmistakable: "We've gotten a little sloppy with respect to assuring that our troops have the weapons they need in time of war."

Hunter added, "We have other industrial base problems: we only have one machine tool company left in America that makes the most the most sophisticated military machine milling specs. We only have three domestic makers of titanium, arguably our most important military metal. Otherwise we'd have to rely primarily on Russia for titanium. We only have one American-owned tire company left capable of making military aircraft and land-system tires. Our legislation is aimed at seeing to it that we maintain a strong American base for critical military systems."

Earlier this month, NATO Secretary Gen. Lord Robertson derided Hunter's measure as an effort to protect "little companies in little parts of America."

"Protectionism and, worse still, more protectionism is not the answer," Robertson said. "It brings huge associated penalties with it, not only in costs, but in political unity."

A Pentagon official said that Defense Secretary Donald Rumsfeld would recommend that Bush veto the bill if Hunter's provisions are retained.

Reuters contributed to this story.