

Jobs losses could imperil GOP in Rust Belt

By Hans Nichols

Some House Republicans are warning the Bush administration that the struggling manufacturing industry could hurt them in key industrial states in next year's election, possibly costing as many as a dozen House seats and even the presidency.

They are worried that the White House does not share their deep concern about high levels of unemployment in battleground states as the manufacturing industry appears immune to the tepid economic recovery.

At a closed-door policy conference last week, Rep. Donald Manzullo (R-Ill.), who chairs the Small Business Committee, raised the issue with Vice President Dick Cheney.

Manzullo told *The Hill* that he "politely" offered Cheney a variety of suggestions on how the White House could invigorate a manufacturing industry that, he said, must contend with cheap imports, high taxes and healthcare costs, and, in particular, a Chinese currency widely believed to be undervalued.

"I'll talk to anyone I can on this issue. I saw Dick Cheney and thought, I need to talk to him. They need to know how bad the problem is. We're bleeding. We're losing jobs," Manzullo said.

But others in the room offered a different characterization of Manzullo's tone. One lawmaker said, "Manzullo read him the riot act on why they're not getting things turned around."

The following day, Manzullo said he

met with White House Political Director Matt Schlapp to discuss the manufacturing issue further.

"What we're seeing is the continuous erosion of our manufacturing base, and we need to do all kinds of things to reverse that," Manzullo said.

Manzullo stressed that his concern extends beyond partisan politics and that the torpid manufacturing sector affected all Americans.

"The biggest mistake is when policymakers on both sides of the aisle forget the importance of manufacturing regardless of who is in the White House," he said.

Manzullo said he is urging the administration to support the "Buy America" provision in the Defense Authorization bill, and to force the Chinese to peg their currency to a market rate.

"One thing that unites us all, Democrats and Republicans, those who are free-trade and those who aren't, is that China's currency is not at market value," he said.

He, along with other lawmakers from both parties, have argued that China's currency amounts to a hidden tariff on U.S. exporters.

Manzullo said he believes that the White House now understands the political ramifications of manufacturing's prolonged slump.

But other Republicans said they remained unconvinced that the administration understands the severity of the problem.

"There is a growing angst about jobs, manufacturing jobs, a growing angst," Rep. Gil Gutknecht (R-Minn.) said.



THOMAS BUTLER

Rep. Donald Manzullo (R-Ill.)

"Does the White House get it?," he asked. "I don't know."

Gutknecht said that many Republicans from industrial districts who voted for free-trade agreements feel they've been sold "a bill of goods."

"A few years ago, we were told that only low-paying jobs would go to China," Gutknecht said. "Well, guess what, we're losing high-paying jobs. A high-tech firm just closed down in my district and moved to China."

Another GOP lawmaker said many of his colleagues are frustrated with the White House's upbeat talk, even as manufacturing jobs haven't rebounded.

"There's a real disconnect with the

numbers," the member said.

Some GOP aides have warned that the manufacturing industry's problems could cost the Republicans the presidency and up to a dozen congressional seats — even if the rest of the economy turns around.

"If the president has any hope of turning red states blue, or even running strong in the manufacturing heartland, he must be seen as a champion for working people," a senior GOP aide said.

The aide continued: "Our vulnerable House members in Michigan, Illinois, Ohio, Pennsylvania and New York have been championing the manufacturing agenda for some time now. We just need to make sure that the top of the ticket is on message."

But Republican leadership aides insisted that the Bush administration is well aware of both the political and economic ramifications of manufacturing job losses.

"Since the president was elected, two trade bills have become law, we've passed two major tax reductions to create jobs and get the economy moving and [Commerce Secretary] Don Evans has been living on the Hill," Stuart Roy, a spokesman for Majority Leader Tom DeLay (R-Texas), said.

"Every piece of legislation we are currently working with the administration on will help grow the economy and create jobs," he continued.

Greg Crist, spokesman for the House Republican Conference, said GOP leaders and the White House are aware of the members' concerns and are working towards fixing it.