

ONE MORE PRESIDENT FROM A THIRD WORLD PETROSTATE?

RomneyCare vs. PerryDon'tCare: Bay and Lone Star State Comparisons

By Nick Gier, Professor Emeritus, University of Idaho (nickgier@roadrunner.com)

Read Gier's columns on the Third Way between Communism and capitalism at
www.NickGier.com/ThirdWay.htm

Our state runs the risk of falling short on our commitment to Texas school children and businesses that rely on a well-educated workforce.

~Texas Association of Business

If we keep doing what we're doing now, Texas will have the economy of a Third World country.

~Democratic State Rep. Pete Gallego of Texas

Anyone who thinks the strong performance in Texas has much to do with state government policy is wrong, except when it comes to housing, where regulation helped the state.

~Howard Wial of the Brookings Institute

Since the end of World War II Democratic administrations have created 55.7 million jobs, while their GOP counterparts have produced only 36.2 million. As a percentage of GDP, Donkeys have presided over an average annual drop in the national debt of 11%, while the elephants have cost us a 5% increase on average. Under the former the economy has grown 3.6 percent while under the latter it has moved up 2.8 percent.

The reward for such incredible achievements should be to skip elections and declare a universal mandate for Democrats to rule the nation, right? There is a standard answer to such bluster: there are many factors—world economy, business cycles, and policies of previous administrations—over which no Congress or president has any control. Why then can Gov. Rick Perry claim that he should be president because, under his three terms, Texas has experienced more job growth than any other state?

Michael Dukakis, the Massachusetts “Miracle,” and Mitt Romney’s Deficits

When Michael Dukakis ran for president in 1988, he boasted about the “Massachusetts Miracle” based on high tech and financial services booms that of course eventually went bust. (In 1986 Texas experienced a 17-month recession and lost 175,000 jobs as the price of oil dropped only \$12 per barrel.) In the 1980s Massachusetts Highway 128 became the Bay State’s Silicon Valley with Digital Equipment Corporation, Data Central, Wang Laboratories, and Apollo Computer dominating the scene. In 1986 Dukakis was voted the nation’s most effective governor by his peers, even though one could claim that his leadership and the legislature were only part of the state’s success.

For the next 20 years moderate Republicans such as Richard Weld and Mitt Romney cut taxes, but Massachusetts still ranks 28th in total tax burden while Texas is 44th. Even with high taxes and being labeled the most Marxist state (Commie RomneyCare!), the Bay State ranked fifth for business friendliness while Texas was first (2010 CNBC annual survey). During the recession and under Democrat Patrick Duvall since 2008 new jobs have increased at a faster rate in Massachusetts than in Texas.

Economic Growth Depends on Education and Innovation, not Tax Cuts

Studies have shown that long term job growth depends primarily on education and innovation not low taxes. (Otherwise the free market *Economist* could not rank Denmark as the most business friendly and Finland as having the most innovative economies.) CNBC ranks Massachusetts first in education and Texas is way down at 30th, but this ranking will not hold after Perry's huge cuts to public schools and universities go into effect. Innovation comes just as much from professorial research as it does from private initiative.

The FY12 Texas budget contains the first reductions in public school funding since 1949 right at a time that the state expects 80,000 additional students in its classrooms. Prohibited from bargaining collectively, the Texas State Teachers Association estimates that 50,000 to 300,000 instructors may lose their jobs in the next two years. Texas already ranks 45th in SAT scores and it has a high school graduation rate of 73 percent. Bay State students lead the nation in test scores and 82 percent of freshmen graduate. Only 31percent of Texans have an associate degree or higher compared to 53 percent in Massachusetts. With huge budget cuts now looming Texas will have difficulty maintaining the tradition of excellence that its public universities have always maintained.

According to Ruben Navarette of the *Washington Post* (7/17/11), "companies that relocate to Texas often have to bring in their old workers, since the homegrown work force is poorly educated and underqualified." Companies are now leaving my home state of Idaho, which leads the nation in the number of call centers per capita, for the same reason. Just like Texas this year the Idaho Legislature cut the public school budget for the first time in history. A 2009 report commissioned by the Idaho State Board of Education found that for 395 computer programming openings there were only 28 Idaho graduates in the field. Idaho had 929 information technology positions available, but only 162 Idaho graduates.

Texas' Budget Deficit larger than California's; Bay State 5th Lowest

California's budget deficit gets all the attention, but in per capita terms Texas' is far worse. Last year Texans were in the red \$740 per person, while each Californian was down \$522. (Because of a failed tax swap engineered by Perry, Lone Star budget deficits are now structural, which means that without tax increases there will be a \$5 billion annual gap between revenue and spending for the indefinite future.) Coming out of the Dukakis administration, Massachusetts ran high surpluses in the 1990s, but by the time Democrat Duvall took over in 2008 there was a Republican deficit. Currently it runs \$273 per person and it is the 5th lowest in the nation. The Democratic governor of

Maryland has just announced a \$344 million budget surplus, the only one among the 50 states.

Texas' Unemployment Highest in 24 years even with 8% Oil Revenue Rise

The four states that have created the most jobs —New York, Pennsylvania, North Dakota, and Texas—have one major thing in common: a natural gas bonanza. Perry has been governor during a period of the highest oil prices in history and he is enjoying the increased revenue that comes from a resource for which he was not at all responsible. Now at \$168 billion, oil and gas revenues have grown from 7.4 percent of the state's economy in 1999 to 15.7 percent in 2006.

When I use economic statistics from Europe, I always exclude Norway, because its oil revenue is primarily responsible for its huge budget surpluses (10-14%), large sovereign wealth fund, and low unemployment rate. Norwegian governments—left or right—have still kept taxes high to support a comprehensive welfare state. As we shall see, Texas' oil wealth has not produced comparable social and health benefits.

A chief executive should boast about job creation only when most of the people looking are able to be employed. Half the nation's states have unemployment rates lower than Texas at 8.4 percent—the highest in 24 years. In 2009 the rate was 7.7 percent and it went from 8.2 to 8.4 percent in July. (It has been above 8 percent for 23 months.) *The Fiscal Times* (8/12/11) reports that Texas lost 34,000 jobs in June alone, while “neighboring states of Louisiana and New Mexico saw their unemployment rates fall to 7.8 percent and 6.8 percent respectively.” The same source notes that Texas actually lost 227,000 construction and manufacturing jobs during the Great Recession, and according to the Economic Policy Institute, Perry would have to “create” an additional 629,000 jobs in order to reduce unemployment to prerecession levels.

Some Blues States Have Better Job Growth than Texas

The key to Lone Star raw job growth is a huge increase in the labor force. If raw numbers were the only measure, and increased population and job losses are ignored, then the GOP should nominate Chinese Premier Wen Jiabao for president. With hundreds of millions of jobs created, Premier Wen could also top Gov. Perry's safety and environmental violations. Perry could counter that he executes almost as many people per capita as China does. In 2009 Texas executed one criminal per million while China hung 1.2 per million.

Using 2009-11 data, researchers from the Center for American Progress calculated net change in jobs minus net change in labor force, and found that Red State Texas actually ranks last and Blue States Michigan, New York, and Pennsylvania are top three job creators. (Red State North Dakota was 6th and Massachusetts was 12th.) New York's increase of 98,000 jobs and Pennsylvania's 92,000 are significant because both states have experienced slow increases in population. (Texas will gain 4 House seats, New York will lose two, and Pennsylvania and Michigan will lose one each.) Of the 20 states that created jobs 12 voted for Obama in 2008.

Texas leads the nation in the number of hourly-wage jobs that pay at or below the minimum. In 2010 the Bureau of Labor Statistics reported that Texas added 211,000 positions, but 76,000 of those were at or below \$7.25/hour. Since 2008 the number of these non-living wage jobs has doubled. How do children fare in families where the parents are working two or more jobs to make ends meet? Without proper daycare, medical coverage, or afterschool programs many of them do poorly in school, drop out, join gangs, or otherwise cause trouble.

The *New York Times* aptly illustrated the style of Perry's Texan economic model when it ran an article about a company with an abysmal safety record. Complaining about OSHA rules, its management bragged that it would set up shop only in the Third World or Texas. When an interviewer asked Governor Perry about this statement, his response was the he did not take advice from liberal newspapers. When pressed to actually answer the question, Perry refused and turned his back to the interviewer.

Is this yet another Texas governor who commits the fallacy of irrelevance and leaves the American people unenlightened, embarrassed, or simply shocked by rude behavior? I can't decide what is worse: rubbing the back of a world leader or turning one's back to the media. When Perry urged us to be "remindful," we can also expect that another Texan will butcher his mother tongue but then quickly "misremember" his bloopers.

Corporations have been flocking to Texas because of low wages and low taxes, just as they did in Ireland when the government lowered the corporate tax to 12.5 percent. The Irish government also reduced regulation on its banks, and now the economy has crashed after all the major banks failed. After taking a big hit in the Reagan administration-created Savings and Loan crisis, Texas made sure that its mortgage laws were strong enough to prevent subprime predation among its prospective homeowners.

Perry's Business Stimulus and Texans Eating at the Federal Trough

Perry claims that he has a model that will turn the American economy around, but a policy that has been successful in luring companies to one state alone obviously cannot work nation-wide. The Texas Enterprise Fund has disbursed \$440 million in state funds to encourage businesses to move to Texas, so Perry does believe in government funded economic stimulus after all. People in his home town don't think much of him, and even though they never saw Perry on a tractor, they say he always claimed his crop subsidy money.

There is a large military presence in Texas and 14,000 additional soldiers will be moving there with their federal pay checks to spend. Texas, Louisiana, Mississippi, Alabama, and Florida have benefited greatly from the infusion of NASA funds. The economic impact of the Johnson Space Center has resulted in 46,000 jobs and the infusion of \$3 billion into the state's economy every year. In 2009, led by conservative Sen. John Cronyn, the Texas congressional delegation begged Obama to give NASA an additional \$3 billion.

Along with many other governors Perry has also used \$17 billion in federal stimulus money to balance his underfunded budgets, but now he has decided to make draconian cuts in public spending. The non-partisan Legislative Budget Board estimates that Texas will lose 300,000 jobs as a result, which will wipe out all the gains in 2010. Ironically, some of those federal dollars are still in a rainy day fund that Perry refuses to use. Again we see ideologically budget cutting just for cutting's sake. Every year in January the Idaho GOP super majority consistently underestimates revenue projections so that it can cut social, medical, and education programs more than necessary.

Third World Level Teen Births; Too Many Sexually Active Texan Teens

Some readers may think that I am exaggerating comparisons to the Third World, but let's look at some health statistics. In 2002 the number of teen births for young women ages 15-19 ranged from 3 and 4 per 1,000 girls in South Korea and Japan to 5-20 per 1,000 in Western Europe. The weighted average for 28 rich countries was 15 teen births for every 1,000 girls. After falling from a high of 55 in 2005 the U.S. number for 2009 was still a shocking 42. In 2005 Indonesia had 55 teen births per 1,000 girls and Mexico had 64.

In 2009 teen births in Texas were 63 out of 1,000 girls versus 20 for Massachusetts. One might guess that women marry earlier in Texas, but 91 percent of Lone Star pregnant teens were unmarried in 2008. The fact that Perry has passed the strictest abstinence laws in the nation makes this statistic even more embarrassing. (Perry's response to a reporter's question on this point was, once again, a non answer.) Even with the "Just Say No" campaign, 52 percent Texas teens are sexually experienced by 10th grade in 2009 compared to 41 percent nation-wide and the Bay State at 40 percent. At 6.1 percent Lone State girls younger than thirteen are more sexually active than the national average at 5.9 percent and Massachusetts at 5.4 percent. All data are from the Center for Disease Control.

One might counter that there are fewer teen abortions in Texas, and that number is indeed a low 13 per 1,000 girls. Taking once again Massachusetts as our comparison, we find that in 2005 there were 22 births/1,000 girls and 21 abortions for every 1,000 girls. Collating teen pregnancies, births, and abortions together, as the Guttmacher Institute has done, the Bay State is 43rd lowest and the Lone Star State is fourth highest (www.guttmacher.org/pubs/USTPTrends.pdf). The Bay State's teen birth rate actually dropped by 2 per thousand 1,000 by 2009, but anti-abortionists could say that was caused by allowing abortions at much faster rate. On abortion one could argue that raw numbers do count. In 2009 there were, according to CDC data, 10,800 dead fetuses issued from Texan girls 15-19 versus 4,364 in the Bay State.

Texas' Child Poverty Rate 25 Percent compared to Mexico's 28 Percent

The lowest child poverty rates in the world can be found in Denmark and Finland, where in 2005 only 3 percent of children were defined as poor. Using the same standard, 22 percent of American children lived in poverty. Nearly 28 percent of Mexican children are defined as poor in this UNICEF survey. According to a recent study by the Center for Public Policy Priorities, the child poverty rate in Texas has now reached 25 percent, an increase of 17 percent since 2000, all under Perry's reign. In

2010 nearly four million Texans were food stamps, the sixth highest increase in the nation since 2009.

Thanks to former Gov. Romney's efforts nearly all citizens in the Bay State have access to health care, but three out of four Texans—18 million people—don't have health insurance, the worst record in the country. A shocking 95 percent of Lone Star children under 18 are without coverage while the comparable number in the Bay State was 69 percent in 2007. Now that RomneyCare has taken effect that number is dramatically lower at 5 percent for all Bay State citizens.

Socio-Economic Conditions—not Illegal Immigration—is the Cause

Only 62 percent of expectant mothers in Texas receive prenatal care as opposed to 82 percent in the Bay State. The Lone Star State has the 5th highest cervical cancer rate in the country, and Perry has been criticized by conservatives for insisting that all young women be vaccinated against it. Texas women rank 44th in receiving mammograms and in 47th for those undergoing a pap smear.

Critics might say that all of these statistics are skewed by the fact that Texas has a very high Hispanic population. Significantly, there is only a 6 percent difference in condom use between Lone Star white and Hispanic teens. In Texas young women taking the pill lag their national peers by 5 percent but the difference between Hispanics and their counterparts elsewhere is only one percent. There is also only a 7.2 percent deficit in Hispanic high school graduates in Texas. Although some of our nativists would wish it otherwise, infant mortality among all Americans originating from south of the border are more than one percent lower than white Americans. High infant mortality is one of the key data points for Third World countries, so I reject the proposition that illegal immigration—rather than poor health and social programs—is the reason why Texas has become a Third World state.

New Mexico has the highest percentage of Hispanic residents at 46.3 percent while California and Texas are at 37.6 percent. The Hispanic teen birth rate in New Mexico is 85 for every 1,000 teen girls and 67 in California, but it is a much higher 97 in Texas with 9 percent fewer Hispanics. Florida also has a high proportion of Hispanics, but teen birth rates among them are only 54 per 1,000. Significantly, more Hispanic teens in Florida use condoms and birth control pills than their Texan peers, who are also not heeding directives to abstain. Ethnic diversity has increased in European countries over the years but low teen birth and abortion rates have remained constant. Again this indicates that main reason for America's poor performance is the lack of proper sex education, social, and medical services.

Governor Perry believes that most government programs—except perhaps crop subsidies and NASA—are unconstitutional, and he proposes that Medicare, Medicaid, environmental and labor regulation be run (abolished) by the states. This is a clear recipe for turning the entire nation into a Third World country. In terms labor laws,

worker safety, environmental regulation, health care, and social services the Lone Star State is already in that position.

Nick Gier taught philosophy at the University of Idaho for 31 years.