

ECONOMY

Iowa’s unemployment rate, at 6 percent, is one of the lowest in the country. But that’s higher than usual for this state. That, coupled with a historically high national jobless rate, a damaged housing market and low consumer confidence has made the economy a singularly important issue in this year’s Republican presidential nomination contest.

All the Republicans in the race have been harshly critical of President Barack Obama’s 2009 stimulus package, and they reject the idea of using government spending to fill the gap during times when private demand for goods and services is down.

The GOP candidates have all touted cuts in federal spending and taxes as central elements of their economic plans. But within that framework, there are some differences in emphasis and substance.

THE CANDIDATES’ VIEWS



Bachmann



Cain



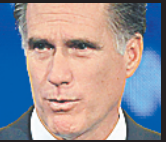
Gingrich



Paul



Perry



Romney



Santorum

Allow foreign profits to come home tax free until Dec. 31 and tax at 5 percent after. Cut spending and phase out Fannie Mae and Freddie Mac; repeal health care reform law and financial industry regulations known as Dodd-Frank. Enforce immigration laws. Bachmann opposed nearly \$900 billion federal stimulus in early 2009 but voted for \$192 billion plan in July. She has also urged expansion of domestic energy supplies as a way to boost the number of American jobs.

His 9-9-9 proposal would institute 9 percent flat taxes on individual income, business and sales. There would be no payroll, estate or capital gains taxes. The plan is the centerpiece of his economic platform. He also proposes reducing regulations and says the market will regulate itself, aided by “the watchful eyes of investors and consumers.” Cain supported Wall Street bailout but says it was executed poorly.

Extend Bush-era tax cuts, eliminate capital gains tax and cut corporate rate to 12.5 percent. Move toward optional 15 percent flat individual rate. Repeal financial industry regulations known as Dodd-Frank, as well as accounting regulations enacted in 2002; restrict Federal Reserve’s role to controlling inflation, not achieving maximum employment. Doing both, he says, weakens the dollar. Gingrich also has been critical of Fed chief Ben Bernanke, saying he’d fire him.

Return to the gold standard, eliminate the Federal Reserve and let gold and silver be used as legal tender. U.S. monetary policy has devalued the dollar, Paul says. Set corporate tax rate at 15 percent, extend Bush-era tax cuts and end inheritance tax. He also would eliminate most federal regulations. Paul has proposed cutting the federal budget by \$1 trillion, or more than 25 percent, in a single year. He also would eliminate five federal departments.

Optional flat tax of 20 percent, cut corporate rate to 20 percent. Moratorium on pending regulations; review all put in effect since 2008. Sunset regulations unless Congress explicitly renews them. Repeal health care reform, Dodd-Frank and 2002 accounting regulations. Cap federal spending, demand balanced budget amendment. Allow overseas profits to be taxed at 5.25 percent, down from current 35 percent. Perry also would rid the tax code of renewable energy subsidies, including ethanol.

Cut corporate tax rate to 25 percent, keep marginal rates as they are while pursuing, long term, a flatter structure; eliminate inheritance tax. Pursue more trade deals, less regulation, increase energy production and move away from “unhealthy green jobs obsession.” Replace jobless benefits with unemployment savings accounts. Eliminate Dodd-Frank, revise accounting regulations, speed up drilling permits, assess duties on China if it doesn’t float its currency.

Spur jobs by eliminating corporate taxes for manufacturers, drill for more oil and gas and slash regulations. Cut tax on profits earned overseas from 35 percent to 5 percent. Extend current capital gains and dividend tax rates. Put aside “dream” of green jobs and focus on domestic energy production. Enact balanced budget amendment and reduce federal spending. Eliminate Dodd-Frank and 2002 accounting regulations. He says both enshrine “too big to fail” policies.



Paul Sancya/AP

Republican presidential candidates speak about the economy during the CNBC debate two weeks ago in Auburn Hills, Mich.

Candidates differ on how to create jobs

Cain pushes 9-9-9; Romney wants revised tax code

By Ed Tibbetts

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It was nearly an hour into the CNBC debate among the Republican presidential candidates on the economy two weeks ago, and a national political analyst tweeted there hadn’t been a single confrontation.

There’s a good reason for that.

For the most part, the candidates have mostly stuck to a recipe of lower taxes, free trade and less regulation in laying out their plans for the nation’s economy. But even though they’re mostly harmonious on the topic, there are some differences in how they propose to reshape the tax code, the degree to which they would change the government’s regulatory structure and how they would deal with renewable energy incentives.

A Cato Institute economist also says the records of some of the candidates indicate they aren’t as conservative as their rhetoric would indicate.

The Republican presidential candidates are making their pitches on the economy to a state that hasn’t suffered as much as most of the rest of the country, at least in terms of employment.

With a jobless rate at 6 percent, Iowa is three points lower than nation. But in a state where the annual jobless rate has gone above

4.5 percent only twice between 1989 and 2008, the economy is a concern.

The two candidates who have polled the highest in Iowa lately — Mitt Romney and Herman Cain — offer a strikingly different approach to the economy.

Cain centers nearly all of his energy on his 9-9-9 plan, which would jettison most of the current federal tax code and set flat 9 percent rates on individual income, business income and on sales. “My proposal is the only one that solves the problem by throwing out the current tax code, which has been a mess for decades,” he said during the CNBC debate.

A Brookings Institution study said it would raise taxes on most Americans, but Cain has rejected that.

Romney is more judicious with the tax code. He proposes lowering the corporate tax rate and extending the Bush-era cuts. But it isn’t as revolutionary as Cain’s plan. His 59-page economic plan, however, is more broad-based.

“Ultimately, I’d love to see — see us come up with a plan that simplifies the code and lowers rates for everybody,” Romney said during the CNBC debate. “But right now, let’s get the job done first that has to be done immediately. Let’s lower the tax rates on middle-income Americans.”

Meanwhile, Texas Gov. Rick Perry and ex-House Speaker Newt Gingrich have proposed optional flat tax plans.

Ron Paul criticizes today’s monetary system for devaluing the dollar. He’s also proposed dramatically cutting more than

25 percent out of the federal budget in a single year.

Nearly all the candidates have proposed ditching the Dodd-Frank financial industry regulations. Some go further and say they would end the accounting industry regulations created after the Enron failure in 2002.

And, of course, they all say they would kill the health care reform law they deride as Obamacare.

An expert in Iowa’s economy said he sees precious little in the GOP plans that get at the economy’s current problem — a lack of demand.

“It’s not a crisis of capital. It’s a crisis of consumption,” said Dave Swenson, an associate scientist in the economics department at Iowa State University. “To offer up an opportunity to reinvest in more capacity doesn’t lead to more jobs.”

Chris Edwards, an economist at the libertarian Cato Institute, rejects that view. He said the Obama administration’s approach the past two years has failed and companies have a choice where to invest, including at lower-cost locations overseas.

“There’s something else going on,” he said. “It’s about business fears. Investor fears about the future.”

Edwards said all the candidates have offered similar rhetoric, but in some cases, their records belie that. He singles out Romney and Gingrich.

An analysis by the conservative Club for Growth faults Gingrich, in particular, for heavily utilizing tax credits while in office, which it says allows the government to “pick winners and losers.”

Gingrich, on the other hand, has pointed to the years after Republi-

cans took over control of the House in 1994 — when he was their leader — as among the most prosperous in American history, citing a cut in the capital gains tax.

Romney, meanwhile, has been tagged for Massachusetts’ ranking fourth from last in job creation during his tenure. But the ex-governor has cited as strengths his business experience, stewardship of the 2002 winter Olympics and that the state moved from job losses to gains during his years in office. He also cites its improved fiscal condition, leading to a credit upgrade.

Some of the candidates have carefully targeted proposals that affect two of Iowa’s most integral industries — agriculture and manufacturing.

Former Pennsylvania Sen. Rick Santorum has proposed eliminating the tax on manufacturers.

Perry, meanwhile, would do away with ethanol subsidies, even the renewable fuels standard, which requires the use of a certain amount of ethanol in the nation’s fuel supply.

They say Perry’s plan will give the oil industry an advantage because it preserves its subsidies.

“The Perry energy plan is not good for Iowa’s economy or America’s security,” said Walt Wendland, president of the Iowa Renewable Fuels Association.

“I do not think it is the federal government’s business to be picking winners and losers and frankly on any of our energy sources,” Perry said earlier this month in Pella. He suggests leaving to states the option of investing in such sectors.

WHAT ARE THE TOP ISSUES FOR IOWA REPUBLICAN VOTERS?

ISSUE	% VERY INTERESTED
Reducing debt	77
Economy	74
Jobs	66
Taxes	50
Immigration	36

Source: Bloomberg News poll of 503 likely Iowa caucus-goers, Nov. 10-12. Margin of error: 4.4 percentage points. Percentage represents those who replied the issue was “critical.”

ONLINE

Want more? These websites have more details on the candidates’ plans for the economy.



Michele Bachmann
michelebachmann.com/issues/americanjobsrightnow



Herman Cain
hermancain.com/999



Newt Gingrich
newt.org/solutions/jobs-economy



Jon Huntsman
jon2012.com/index.php/issues/jobs-economy
NOTE: Huntsman is not actively campaigning in Iowa



Ron Paul
ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america



Rick Perry
rickperry.org/cut-balance-and-grow-html



Mitt Romney
mittromney.com/jobs



Rick Santorum
ricksantorum.com/news/2011/07/courage-fight-american-jobs

MEDIAN HOUSEHOLD INCOME*

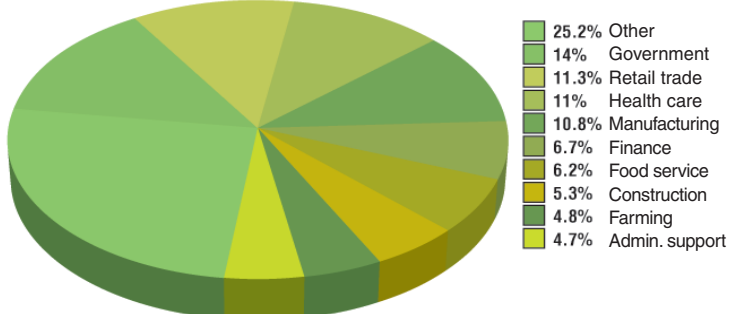
2010
IOWA: \$47,961
ILLINOIS: \$52,972
QUAD-CITIES: \$46,310

2005
IOWA: \$43,609
ILLINOIS: \$50,260
QUAD-CITIES: \$44,226

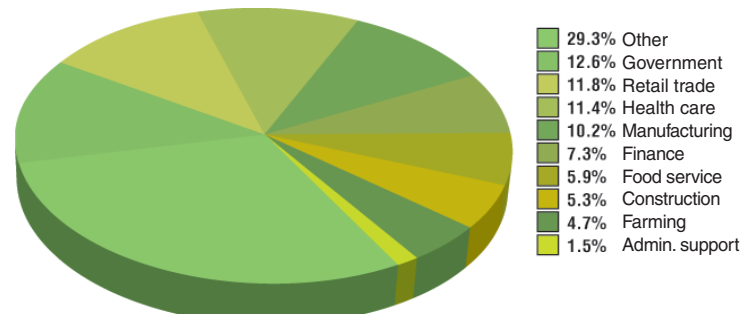
2000
IOWA: \$39,469
ILLINOIS: \$46,590
QUAD-CITIES: \$40,621

*Not adjusted for inflation
Source: 2000 Census, American Community Survey, 2005, 2010

JOBS IN THE QUAD-CITIES AND STATEWIDE



IOWA JOBS BREAKDOWN	
Source: U.S. Bureau of Economic Analysis	
Figures are for 2010 and include full- and part-time jobs	
Government	267,000
Retail Trade	216,000
Health care/Social assistance	209,000
Manufacturing	207,000
Finance/Insurance	129,000
Accommodation/Food Service	119,000
Construction	102,000
Farm	92,000
Administrative/Support/Waste Mgt.	90,000
Total	1.9 million



Q-C JOBS BREAKDOWN	
Source: U.S. Bureau of Economic Analysis	
Figures are for 2009	
Government	28,557
Retail trade	26,814
Health care/Social assistance	25,784
Manufacturing	23,169
Accommodation/Food service	16,568
Administrative/Support/Waste Mgt.	13,485
Construction	12,102
Finance/Insurance	10,683
Farm	3,540
Total	225,320