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According to a campaign ad from President Obama, Mitt Romney had “one of the worst economic records in the country” as governor of Massachusetts from 2003 through 2006. But when you dig into the facts, you discover that the ad paints a highly distorted picture of the actual Romney record.

The ad says that Massachusetts “fell to 47th (among the 50 states) in job creation” over the course of the Romney administration. This claim is misleading because, first, it relies on data that has been picked to show the worst possible result, and, second, because it rests on an unrealistic standard for measuring job creation at the state level.

The low ranking that the ad gives to Massachusetts under Romney relies on the US Bureau of Labor Statistics survey of business establishments, which omits self-employed workers. In year-to-year data published by that survey, Massachusetts lost 14,000 jobs over the course of the Romney administration. However, in the BLS survey of households, which includes self-employed workers, there were 57,000 more state residents holding jobs at the end of 2006 than at the end of 2002. This simple recalculation raises the state to 32nd in job creation.

Even that number gives an overly dim view of the Romney record. The capacity of a state to create jobs is limited by the number of residents who are available to take those jobs. Texas ranked third in job creation over the Romney years but had 3.5 times as many working-age residents as Massachusetts.

What matters is that by the end of 2006, Massachusetts employed a larger fraction of its working-age population than did 32 other states, including Texas. This reflects the fact that the Massachusetts unemployment rate fell steadily even as the working-age

population rose when Romney was governor.

The Obama ad further says that “when Mitt Romney was governor, Massachusetts lost 40,000 manufacturing jobs.” What it doesn’t say is that Romney inherited a depressed economy when he took office in much the same fashion as President Obama did (and as he constantly reminds us).

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Massachusetts had already lost 40,000 manufacturing jobs during the year before Romney took office, and it was only after he took office that the loss of manufacturing jobs sharply tapered off. And despite the loss of manufacturing jobs that did occur, the growth of Massachusetts manufacturing output over the Romney administration exceeded that for the United States as a whole.

And what about job creation under Obama? A comparison of June 2012 to the last month of the Bush administration shows that the United States is missing 5 million jobs because of declining labor-force participation and rising unemployment. However we measure Romney’s job creation record, it is, in comparison, a model of economic stewardship.

Probably the most dishonest claim made by the ad is that Romney “cut taxes for millionaires like himself while raising them on the middle class.” In fact, Romney raised taxes on millionaire CEOs and stockholders by conducting an aggressive campaign to close loopholes in the state’s corporate income tax. And, in fact, it was the state’s Democratic-controlled Legislature that imposed a huge tax increase on the middle class the year before Romney took office — a tax increase that slowed down the state’s economic recovery, that Romney opposed when he was running for governor and that he tried in vain to repeal when he was governor.

Another metric that can be used is competitiveness. The Beacon Hill Institute publishes an annual report in which it ranks the 50 states for their competitiveness. The World Economic Forum similarly publishes a report that ranks 142 countries for their competitiveness. Both reports are modeled on the pioneering work of Harvard’s Michael Porter and both provide rankings that are intended to reflect the ability of a state or country to attract capital and workers and to maintain a high standard of living for its residents.

Massachusetts, which has always stood high on BHI's competitiveness index, rose from 2nd place in the Beacon Hill Institute's 2002 report to 1st place in its 2006 report. The United States fell from 1st in the World Economic Forum's 2008-09 report to 5th in its 2011-12 report.

When you string together these observations, you get a far different story than the Obama campaign would have you believe. Obama would be well advised not to invite further comparisons of his economic record with Romney's.

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