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IN MY OPINION (Column)

## **Beware Compassionate Lawmakers**

By JON COUPAL

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Years ago, during a particularly nasty downturn in the national economy, aerospace industry leader Boeing was laying off thousands of employees. For Seattle, Washington, where Boeing was located, the blow to the community was devastating. During that time, someone erected a billboard in Seattle that read, “Will the last person to leave Seattle please turn out the lights?”

While most employed Californians can chuckle over this gallows humor, we are painfully aware that it can happen here. Indeed, the threats to good, high paying jobs are especially numerous in the Golden State.



Maintaining high numbers of good jobs in any economy is hard enough. But the modern business environment mandates flexibility and rapid reaction to changing markets on a daily basis. In a race with onrushing technological developments that overnight may make their jobs obsolete, even highly educated workers in the high tech industry know that a pink slip is as close as the latest technological advance by a competing company. Add to that lower labor costs in other parts of the world and the concept of employment stability becomes a quaint notion of a bygone era. As an example, IBM has just announced that it will be shifting thousands of programming jobs overseas.

There is another reason why California workers feel particularly insecure. The high cost of living requires a good paying job to afford even a modest home and car. Anything less means struggling to pay rent and riding the bus. So it is ironic that it is those in government, who justify almost any burden placed on business by saying “it is for the workers,” who are responsible for destroying so many well-paying manufacturing jobs.

A study, to be released in January by the Rose Institute of State and Local Government at Claremont McKenna College, shows that state regulations have sharply cut the number of manufacturing jobs, reducing the opportunity for many workers to enter the middle class.

Steven Frates, the study’s co-author, says California is losing its manufacturing

base not only overseas but also to other states.



California lost 288,000 manufacturing jobs over the last five years and manufacturing positions have declined from 13.9 percent of all state jobs to 10.0 percent. The state has lost nearly \$100 billion in manufacturing sales from July 1999 to October 2002.

Although some displaced workers find jobs in retail, these jobs represent a tremendous cut in pay. Average manufacturing jobs pay nearly \$58,000 while the statewide average for all jobs is \$25,000. What makes the loss of these jobs even more tragic is that it didn't have to happen. Our own state government's policies are primarily responsible.

Among the policies with which the study finds fault are the state's failure to genuinely reform the workers' compensation system and its skyrocketing costs, the mandating of health benefits for employees and the failure to give local governments tax incentives to encourage the building of factories.

This last summer, I had the opportunity to see the results of the state's anti-job policies first hand when I toured Coast Converters, a Los Angeles area manufacturer of plastic bags. The company can no longer remain in California and be competitive. It is in the process of relocating to Nevada where it will save nearly a million dollars annually on taxes and the cost of workers compensation insurance. When Coast Converters goes, so will nearly 100 jobs.



Most of those in the Legislature who are responsible for these job-killer policies remain clueless. Mandating benefits for workers may have seemed like an act of compassion at the time, but the unintended consequences are proving a personal tragedy for thousands of workers, and a severe break on the economic expansion that could provide the tax revenues to lift the state out of its financial quagmire.

And make no mistake. While these jobs rarely create millionaires, they provide pay and benefits that exceed those associated with the typical retail job. Thus, one would think that our policy makers would be falling all over themselves trying to retain these well paying (and tax revenue producing) positions. But this is the California Legislature, so political agendas will trump common sense every time.

Liberal Legislators in Sacramento who like nothing better than to engage in "social engineering" to tell the rest of us how to live and run our businesses are the first to decry the ever-growing gap in California between the working class and the wealthy. Yet a primary cause of this divergence is staring them back in the mirror every time they enact some burdensome regulation or higher "fee" that drives the manufacturing sector out of the state.

Unless we see a reversal of course by Sacramento, don't be surprised to see a billboard that reads, "Will the last one leaving California please pay the taxes."

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