

### In Texas Jobs Boom, Crediting a Leader, or Luck



Jeffrey Fehder for The New York Times

Gov. Rick Perry of Texas, right, watched himself (17) in an electronic football game during a news conference last month in Austin.

By CLIFFORD KRAUSS  
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HOUSTON — Texas is home to at least one-third of the jobs created nationwide since the recession ended. The state's economy is growing about twice as fast as the national rate. Home prices have remained stable even as much of the country has seen sharp declines.

Is Texas lucky, or has the state benefited from exceptional leadership? As Gov. Rick Perry campaigned for the Republican presidential nomination — with the economy dominating the national political landscape — the answer to that question is central to his candidacy.

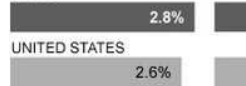
Even before he formally entered the race over the weekend, Mr. Perry and his allies set out to dictate an economic narrative on his terms. A radio spot last week in Iowa told voters that the governor "has a proven record of controlling spending and creating jobs" and suggested that he could replicate the success of Texas on a national scale. In a budget speech a few months ago, Mr. Perry, who declined through a spokesman to be interviewed for this article, boasted that Texas stood "in stark contrast to states that choose to burden their residents with higher taxes and onerous regulatory mandates."

But some economists as well as Perry skeptics suggest that Mr. Perry stumbled into the Texas miracle. They say that the governor has essentially put Texas on autopilot for 11 years, and it was the state's oil and gas boom — not his political leadership — that kept the state afloat. They also doubt that the Texas model, regardless of Mr. Perry's role in shaping it, could be effectively applied to the nation's far more complex economic problems.

"Because the Texas economy has been prosperous during his tenure as governor, he has not had to make the

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has claimed credit for his state's leading role in creating jobs. What does the record show?

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draconian choices that one would have to make in the White House," said Bryan W. Brown, chairman of the Rice University economics department and a critic of Mr. Perry's economic record.

And if Mr. Perry were to win the nomination, he would face critics, among them Democrats, who have long complained that the state's economic health came at a steep price: a long-term hollowing out of its prospects

because of deep cuts to education spending, low rates of investment in research and development, and a disparity in the job market that confines many blacks and Hispanics to minimum-wage jobs without health insurance.

"The Texas model can't be the blueprint for the United States to successfully compete in the 21st-century economy, where you need a well-educated work force," said Dick Lavine, senior fiscal analyst at the Center for Public Policy Priorities, an Austin-based liberal research group.

On the campaign trail, Mr. Perry is hearing none of it. In announcing his candidacy in South Carolina on Saturday, he pointed to his policies of low taxes, reduced government spending and regulatory easing as "a recipe to produce the strongest economy in the nation" and one that Washington would do well to duplicate.

Since Mr. Perry succeeded George W. Bush as governor in 2000, he has viewed his role as mostly staying out of the way of the private sector. When he has stepped in, he has tweaked the system, not remade it. For example, he pushed through tort reform to limit lawsuits against doctors, which encouraged the continued expansion of major medical centers. He also set up an enterprise fund that gave businesses nearly a half a billion dollars in grants and financial incentives over the last eight years to encourage their expansion.

For homeowners, he cut real estate taxes to make the state's already cheap housing a bit more affordable. And a few months ago, with the state facing a \$27 billion deficit in its two-year budget, Mr. Perry called lawmakers into a special session and insisted they not raise taxes. The Republican-dominated Legislature complied, slashing billions of dollars in aid to public schools.

"He's been a promoter of stability in regulatory policy and stability in spending," said Talmadge Heflin, director of the Texas Public Policy Foundation's Center for Fiscal Policy and a former Republican state representative. "That gives him something to show for whatever he runs for."

As the Republican race pits the Texas governor against a former Massachusetts governor, Mitt Romney, the economies of the two states are bound to be contrasted. Texas has far outstripped Massachusetts in the number of jobs created over the last two years. But by other measures, the Massachusetts economy has been stronger, with a lower unemployment rate in June and economic growth of 4.2 percent last year, compared with 2.8 percent in Texas.

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*This article has been revised to reflect the following correction:*

#### **Correction: August 15, 2011**

An earlier version of this article rendered incorrectly part of the name of the Maguire Energy Institute at Southern Methodist University.

A version of this article appeared in print on August 16, 2011, on page A1 of the New York edition with the headline: In Texas Jobs Boom, Crediting a Leader, or Luck.

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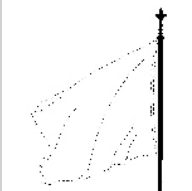
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