The Jobless Recovery

By: John White

The Economic Roundtable of the Ohio Valley met on November 19, 2003 at the Marietta Country Club. Unlike past meetings, however, there was no guest speaker. Rather, a panel of three Roundtable members comprised of Bob Evans, the CEO of Peoples Bancorp Inc, former court judge John Taylor, and Glen Corlett, the Dean of the School of Business at Ohio University, spoke to the Roundtable on the issue of “The Jobless Recovery.”

The first issue that was identified was the recent and continuing rise in labor productivity. A growth in productivity enables companies to produce more output without hiring additional workers. Second, globalization has subjected local labor markets to increased competition from low-wage countries such as China. Consequently, there is a fear that the United States may be exporting jobs to its overseas competitors. Finally, agencies in charge of estimating employment statistics must try harder to come up with accurate and consistent figures.

John Taylor began his viewpoint by examining the effects of the growth in labor productivity. High productivity keeps inflation low, leading to stable prices. Economists argue that despite its near term negative effects on the job market, the recent increase in productivity is expected to increase the purchasing power of consumers that, in the long-run, will result in a substantial growth in demand. The further growth in consumer demand will encourage companies to start hiring in order to increase the volume of their output.

In the past, about half of the workers who were laid off during a recession went back to work as an economic recovery began. Currently, only
about seven percent of those laid off are called back to their job. Socially, this leads to a loss of wages, benefits, and increased personal and family stress. According to Taylor, the best way to help the jobless recovery is to introduce a program similar to the G.I. bill, which would provide funds to help re-train workers.

Economists use the term “structural unemployment” to refer to jobs that will not be recovered. The causes of structural unemployment, according to Glen Corlett, are a permanent fall in demand in certain industries, advances in technology, more efficient production methods, and offshore outsourcing. Businesses find that reducing costs and increasing efficiency are needed to compete globally.

Employers tend to not hire new employees due to increasing business costs (workmen’s compensation, rising health care costs, and rising unemployment compensation premiums). Furthermore, the recent fluctuations in tax laws, increased product liability costs, class action suits and labor unions have increased uncertainty and lowered the profitability of doing business in the U.S. This, accompanied by more aggressive strategies of offshore manufacturers, has forced many industries to leave the U.S.

How do we fix this? According to Corlett, the solution is not to turn to trade protectionism. Saving low skill, low technology, and low paying jobs will not achieve job growth in the long-run. The best way to achieve growth in employment is to create new jobs. Our focus needs to be on innovation and how we can create new jobs.

Corlett focused much of his discussion on Appalachia Ohio. To keep young, educated, workers in Appalachia, jobs need to be created that offer better benefits and opportunities. Otherwise, the younger population will take jobs in other states.

Financing options for start-ups and risky business need to improve for Appalachia to see growth in jobs. This can only be achieved by finding high-risk investors to provide capital for business start-ups to take place. The capital gains tax should be eliminated, according to Corlett, to attract high-risk investors to invest in industries.

Institutions such as Adena Ventures (the first new markets venture capital fund in the U.S providing equity and operational assistance to qualifying businesses in central Appalachia) can help create new jobs. Adena Ventures invests $200,000 to $2 million in companies in Appalachia that have the potential for success. In addition, we would need to make services such as marketing, accounting, public relations and legal support more available to businesses in this area.

Money also needs to be invested in the education and re-training of workers. Establishing re-employment accounts funded by federal or state government and perhaps linked to the unemployment compensation program, according to Corlett, would be a good way to help finance retraining.

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**Upcoming Speakers**


**August 31, 2004, Kathryn Sullivan**, President & CEO, COSI Columbus, Ohio, Ph.D. Geology, Dalhousie University, Nova Scotia, Former Astronaut.

**October 2004, Robert D. McTeer**, President and CEO, Federal Reserve Bank of Dallas, Texas, Ph.D. Economics, University of Georgia.
On The Benefits of Therapeutic Cloning

By: Chip Gerber *

There has been a major scientific breakthrough in therapeutic cloning and the United States legislature needs to reconsider recent legislation that will prevent further advancements in medicine. Therapeutic cloning is research using human pre-embryos produced from stem cells to study human development and find ways to treat diseases. Cloning to make healthy duplicate organs or tissues so the cloned part can be transplanted back to the patient is a major scientific breakthrough (Robinson, 2003).

Cloning is defined as “making genetically identical cells or organisms by asexual means from a single original cell or organism” (Blank, 1981). However, the term cloning can lead to confusion as there are three different types of cloning used for duplicating biological matter. These three different procedures, each with a different goal, should be carefully reviewed by legislators as therapeutic cloning holds hope of medical discoveries that could possibly save thousands of lives. The United States government has the power to ban cloning. Most pro-lifers want to see cloning criminalized, but what about the millions of people who could benefit from produced tissues and organs grown for medical transplants? Research scientists can help these people by growing replacement parts.

Besides therapeutic cloning, there are two other types of cloning. DNA cloning, which has been around since the 1970s, produces embryos with identical DNA. Scientists clone genes to study characteristics of different chromosomes, bacteria, viruses, and yeasts (McKinnell, 1979). The third type of cloning is somatic cell nuclear transfer, otherwise known as Adult DNA cloning. This was the kind used to create Dolly, the Scottish cloned sheep in 1996. This procedure involves using an embryo whose DNA is removed and replaced with DNA from another cell removed from the animal who is being duplicated.

Unfortunately, therapeutic cloning starts with the same procedure used in Adult DNA cloning, although the procedure changes for therapeutic cloning after the cloned embryo grows for two weeks. The stem cells are extracted and encouraged to grow into a complete human organ or human tissue to be used for organ transplant (MacKinnon, 2000). Whereas, Adult DNA cloning could be used to create cloned babies, therapeutic cloning would be used to create healthy organs and tissues for transplants on ill patients.

Public reaction to the news of Dolly illustrated the many moral questions surrounding cloning across our country. The debates over cloning became heated. Legislators began writing laws that would restrict or prevent such research. They discussed the potential cloning had for humans. They discussed the issues with cloning animals. They weighed the advantages and disadvantages of cloning. Genetic engineering to clone animals as suppliers of human organs and cloning healthy human organs for transplants was debated. Unfortunately, during the debates, some lumped two different types of cloning with stem cells together, but focused on the cloning of humans. Scientists believed that the government should educate the public about cloning so people would know the different types and goals.

Stem cells are primitive cells currently found and taken from embryos. Stem cells are extracted from the egg after it has divided for five days forming what is called a blastocyst. This blastocyst does not have the potential to grow into a fetus and become a baby unless it would be implanted in a womb. These cells can be kept in laboratories and grown into blood, brain, heart, nerve, and bone cells. Stem cell research has the potential to develop medical treatments for problems like bone loss, brain damage to stroke victims, burn patients, cancer, diabetes, hepatitis, lupus, MS, MD, Parkinson’s, Huntington’s, ALS, heart disease, and spinal cord injuries. All of these could possibly be cured with medical research in therapeutic cloning (McGee, 2001).

In fact, in 2002, scientists at Advanced Cell Technologies, announced they created a kidney-like organ cloned from a cow’s ear using SCNT cloning. The kidney produced urine after it was implanted into the cow. This was the first successful therapeutic cloning (Robinson, 2003).

However, this research is opposed by many pro-life groups who see these embryos as humans. Embryos are killed when the stem cells are removed (Robinson, 2003). On the brighter side, new research suggests that stem cells can also be taken from umbilical cords and even baby teeth. *Please turn to cloning, page 4*

* The opinions of Chip Gerber do not necessarily represent the opinions of the ERT or the EMA Department at Marietta College
These new sources provide an alternative to using embryos. Stem cells from teeth are easily accessible. A dentist at the National Institute of Health in Maryland, believes that these stem cells grow faster. She experimented with stem cells from children’s baby teeth and implanted them in mice which proved these cells promoted bone growth (Zandpnella, 2003).

President Clinton stopped all federal funding of human cloning research ten days after the announcement of Dolly in 1996. He requested the National Bioethics Advisory Committee to review ethical and legal issues that dealt with cloning (MacKinnon, 2000). The committee recommended that no federal funds be used for creating stem cells, and to allow federal funding of stem cell research using only cells from aborted fetuses or embryos left over from fertility treatments (Kass, 2002). In August 2001, the Bush administration announced that stem cell funding would be allowed because research on stem cells showed “promise for the cure of diseases and disorders” (Can President Bush’s Plan Work? 2003). Though the ruling limited research only to the sixty existing lines of stem cells already in labs, the President faced opposition from pro-life groups who viewed using surplus embryos as murder (Can President Bush’s plan work? 2003).

In April of 2002, President Bush changed his view and asked the Senate to pass a bill that made it a crime to use embryos for research. By July of 2001, the House had passed the Human Cloning Prohibition Act that essentially criminalized research on therapeutic cloning. The penalty is a ten year prison sentence and up to one million dollars in fines (Can President Bush’s 2001 Plan Work, 2003). Further legislation was written in 2003 to make it a criminal offense to import any medicines using stem cells. In February of 2003, by a vote of 241 to 155 in the House of Representatives the ban on both types of cloning was passed (Robinson, 2003).

There are few pro-life supporters in China, UK, or Canada so research will likely continue in these countries. In fact, several American scientists have already moved abroad to continue their research. Therapeutic cloning offers promising advancement in medical research. How could legislators ban the cloning of human DNA research before the potentials are discovered? Therapeutic cloning is a scientific and medical breakthrough that probably needs restrictions, but to ban this research is unethical. These quickly passed cloning laws will prevent major medical discoveries for people in the United States. All research can be misused. For example, look at the drug companies that research and produce pain medications. Should pain medication be banned because some American abuse the medication? Some restrictions are made on these drugs to prevent misuse, but medication is available to patients by means of a prescription. The lawmakers need to rethink their decision to ban therapeutic cloning, and come up with sensible restrictions instead. To criminalize an entire area of medical research that has overwhelming benefits to the human race is criminal.

**Bibliography**


