



TO: Interested Parties
FROM: Stephanie Cutter
RE: Free Enterprise

Romney's Economic Record: Profit at Any Cost

Mitt Romney has staked his entire candidacy on one claim: that his “real world” experience in the private equity business uniquely qualifies him to lead our economy and the nation.

Much as he did when he ran for governor of Massachusetts, Romney argues that his business experience would translate to more jobs for Americans. (In Massachusetts, it didn't. During his term there, the state fell to 47th in the nation in job creation.)

But in fairness, Romney's objective in business was never job creation. As one of his colleagues recently told the *Los Angeles Times*:

“I never thought of what I do for a living as job creation,” said Mark B. Walpow, a former managing partner at Bain, who worked closely with Romney for nine years before forming his own firm. “The primary goal of private equity is to create wealth for your investors.”

To achieve that end, Romney closed over a thousand plants, stores and offices, and cut employee wages, benefits and pensions. He laid off American workers and outsourced their jobs to other countries. And he and his partners made hundreds of millions of dollars while taking companies to bankruptcy.

Although some of the businesses in which he took a stake undoubtedly added jobs, neither Romney's campaign nor any independent fact checker has supported his claim of producing a net increase of 100,000 American jobs – or even anything close to it.

That is Romney's record. His overwrought response to questions about it has been to insist that any criticism of his business record is an assault on “free enterprise” itself.

But this is just an attempt to evade legitimate scrutiny of the record on which he says he's running. “Free enterprise” isn't running for President, Mitt Romney is. And voters deserve straight answers about his record, so they can know how his perspective would influence his decisions and actions if he were President of the United States.

For instance, voters in South Carolina deserve to know about the millions Romney and his partners made off closing down the 114,000-square-foot Holson Burnes factory in Gaffney, where workers made photo albums and picture frames. Just four years after the factory opened, Bain fired 150 workers and shipped some of the operation overseas. According to the Associated Press, Bain more than doubled the return on the original investment while “workers were left jobless just as the local economy began to slump.”

Armed with the facts, the American people will determine whether Mitt Romney’s track record shows he believes our prosperity will come from an economy where the wealthy and powerful can rig the game at the expense of working Americans, or every American who works hard and acts responsibly will have a fair shot at success. Voters can judge for themselves whether his vision for the future is based on outsourcing and bubble economies that enrich speculators and corporate raiders, or an economy built to last in which the productivity of our workers is rewarded.

When asked by *TIME Magazine* whether Mitt Romney is a job creator or destroyer, Warren Buffett said that while businesses shouldn’t hang on to people they don’t need, “I don’t like what private-equity firms do in terms of taking out every dime they can and leveraging [companies] up so that they really aren’t equipped, in some cases, for the future.” Voters need to understand the kind of economy Mitt Romney’s experience entails – and it doesn’t sound like the kind of economy that’s built to last.

President Obama’s Record

Mitt Romney boasts about understanding the “real economy,” but President Obama has worked alongside hardworking Americans in that “real economy.” President Obama – who, like Mitt Romney, earned a degree from Harvard and all the opportunities that affords – began his career helping jobless workers in the shadow of a closed-down steel mill. Mitt Romney, on the other hand, made millions closing down steel mills.

When he began his presidency at the height of the worst economic crisis since the Great Depression, President Obama immediately addressed the economic crisis, put Americans back to work and held Wall Street accountable.

We’re at a make-or-break moment for the middle class and those fighting to join it. For decades, hardworking Americans lost their jobs as factories were shipped overseas where labor was cheap. That’s why the President has taken formidable, decisive steps to protect free enterprise, investors and consumers – and why he’s fighting for an economy that’s built to last, one that creates jobs of the future and makes things the rest of the world buys. Here are some examples of his successes:

- **Wall Street Reform:** More than anything else, a transparent system where everyone plays by the same rules is crucial to free enterprise and efficient markets. That’s why the President championed Wall Street reform that requires more rigorous disclosure and tightens oversight of the kind of speculation that caused the market meltdown.

- **Supporting Small Businesses:** The President has made a priority of letting our most crucial job creators – small businesses – thrive, grow and hire. He has cut small businesses' taxes 18 times, recognizing that they create two out of every three new jobs in America. Because of the President's support for businesses and entrepreneurs, the S&P 500 has increased nearly 90 percent since March 2009.
- **Encouraging Innovation and Competitiveness:** The President streamlined the patent process to help small-business innovators more quickly move ideas from the lab to market, and protect those innovations abroad. The Department of Energy has funded more than 180 projects, including 40 start-ups, to encourage the creation of breakthrough technologies. During President Obama's first term, investments from the Recovery Act will enable the United States to increase twentyfold our share of the world's capacity for advanced battery manufacturing – from 2 percent in 2009 to 40 percent by 2015. President Obama has also made critical investments in groundbreaking clean-energy projects and research that bring together scientists and entrepreneurs from the private and public sectors.
- **Rescuing American Auto-making:** When Mitt Romney and others suggested America should "let Detroit go bankrupt," the President refused to turn his back on an iconic American industry and the jobs it supports. He extended emergency loans to America's car companies, leadership that has saved more than 1.4 million jobs up and down the supply chain. G.M., Ford and Chrysler have all seen their share of the U.S. sales market grow in the past two years, a sharp reversal from more than two decades of decline – and all taxpayer loans extended by President Obama have been paid back.
- **Reviving Manufacturing:** Manufacturing, a proud and critical sector of our economy that produces good stamped "Made in America," has seen a resurgence since President Obama reduced import costs and increased exports for U.S. manufacturers. Manufacturing employment hadn't grown since 1997, so President Obama cut production costs and tariffs for American companies. Now manufacturing production is increasing faster than it has in more than a decade, and private-sector manufacturing businesses have added jobs for 29 straight months – including 334,000 jobs in the past two years.
- **Promoting International Trade:** To level the playing field for American businesses and workers and to expand the market for U.S. goods, President Obama signed trade agreements with South Korea, Colombia, and Panama that will support more than 70,000 American jobs. He's helping American businesses compete in the global marketplace and set a goal of doubling our nation's exports by the end of 2014 – a goal the United States is ahead of schedule to meet.
- **Freeing Business from Burdensome Regulations:** The President ordered an across-the-board review of the federal government to eliminate "absurd and unnecessary" regulations that waste time and money and hinder free enterprise. As a result, his administration is stripping hundreds of rules, saving businesses \$10 billion over the next

five years. Four out of five business economists now say the current regulatory environment is “good” for businesses and the economy as a whole.

- **Bringing Jobs Back to America:** Because he knows our country has the most productive workers, best universities, and most creative and innovative entrepreneurs in the world, the President is calling on American companies to “insource” jobs and bring their investments back home. He’s providing tax incentives that reward companies for returning jobs to our shores and eliminating tax breaks for companies that move American jobs overseas.

President Obama knows that business is the engine of our economy. Making sure our economy provides opportunity for ordinary people and a supportive environment for entrepreneurs, small businesses, and manufacturers is the President’s chief objective.

He also understands that the most important step to growing the economy right now is to spur demand, which is why he cut taxes for 95 percent of working families, fought relentlessly against Republican opposition to prevent a \$1,000 tax increase on middle-class families, and continues to fight for a jobs plan that will put people back to work and let families keep – and, in turn, spend – more of what they earn.

Conclusion

The *New York Times* observed that the Republicans’ economic ideas “not only are inadequate for [reviving the economy] but were instrumental in creating the nation’s current economic problems.” Mitt Romney’s record and proposals exemplify this more than most. With the devastation he left in his wake, Romney’s business record doesn’t reflect the virtues of free enterprise so much as the worst exploitation of it.

Our economic crisis and endemic income inequality were caused in large part by a few who put profits over people. Taking advantage of an uneven playing field, where there was one rulebook for those at the top and another for everyone else, Mitt Romney and his friends made money hand over fist while working families lost their grip on the middle-class lifestyle they earned.

Between now and November the American people will decide whether to respond to this crisis by electing a corporate raider who profited from – and promises to restore – the conditions that caused it, or re-electing a President fighting to level the playing field for American businesses, restore fairness for consumers and help the middle class reclaim a sense of economic security that will benefit the entire economy. That’s what’s on trial, not “free enterprise.”