Gov. Chet Culver warned Friday that opponent Terry Branstad's criticisms could hurt efforts to lure business to Iowa.

"He's bringing down the whole state when he gets out there and he bad-mouths our economic development efforts," Culver said in an interview.

"What do you think those people who are looking at our state are thinking when he's suggesting we have a crisis at the agency when we don't?" Culver asked.

Branstad's spokesman shot back: "A dysfunctional, scandal-ridden department is hurting recruiting," said Tim Albrecht, referring to the Iowa Department of Economic Development.

But business people are sophisticated enough to know that's all political talk, said John Boyd Jr., a Princeton, N.J., consultant who advises companies where to set up shop.

Boyd agrees with Culver on one thing: Iowa competes well with other states because its costs are relatively low, and businesses are interested in locating in the Midwest and smaller markets.

"Iowa is working with trends rather than against them," Boyd said.

Branstad, the Republican candidate for governor, has proposed eliminating the Department of Economic Development and replacing it with a public-private agency. He has said one such model in Indiana has been more effective.

Culver pointed to Indiana's higher unemployment rate and lower scores on other economic factors. He cited several studies - from the U.S. Chamber of Commerce, CNBC, Gallup and others - that ranked Iowa among the best places to do business.

"The question is, 'How can we capitalize on this momentum?'" Culver said. "Frankly, the last thing we want to do is blow up and take away the economic development tools that have gotten us to this point.

If you think about it, it makes no sense at all."

Culver acknowledged that he had no evidence that Branstad's comments have hurt business recruitment efforts, although he noted that the state is negotiating now to bring companies to Iowa.

"He needs to be very careful about what he says and the ramifications it has on economic development offices," Culver said.

Culver also said business leaders are serving on the state's economic development board and helping promote entrepreneurism and innovation - "doing exactly what Terry Branstad says we need to do. So there is a kind of disconnect, and I hope not with the general public, but with Terry Branstad," he said.

As the campaign for governor heats up after Labor Day, Culver said he plans to tell Iowans how his I-Jobs program and other efforts have helped Iowa recover from floods and economic crises.

He plans to focus on Iowa's relatively low unemployment rate, 6.8 percent vs. 9.6 percent nationally. But the media's focus, he said, is how the rate has risen from 3.7 percent in 2006.

"I understand, 6.8 percent is higher than four years ago. That's what drives me every day to work with state officials to help people find jobs, he said.

Culver said Iowans should look at Branstad's economic development record. His administration brought livestock producer Austin "Jack" DeCoster to the state, he charged. DeCoster's egg operations.
were linked recently to a national salmonella outbreak.

"We don't need to go back to low-paying hog confinement jobs. That's what Terry Branstad brought to this state," he said.

Albrecht criticized Culver's allegations. He said Branstad, as governor, labeled DeCoster a habitual violator of state environmental laws. He also noted that Branstad cut the unemployment rate from 8.5 percent to 2.5 percent during his four terms in office.