



WMRC Article

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President Unveils Six-Point
Plan to Revitalise the US
Economy

United States: President Unveils Six-Point Plan to Revitalise the US Economy

US President George W Bush yesterday unveiled his six-point plan to revitalise the US economy, calling for tax reductions, elimination of trade barriers, tort reform, expanded health insurance coverage, increased reliability of the energy sector and the roll-back of burdensome regulations on business.

WMRC Perspective	
Significance	President George W Bush has outlined a populist set of traditional centre-right Republican policy proposals that is primarily a repackaging of several of his existing proposals pending in Congress.
Implications	In an effort to head off criticism from his centre-left Democratic challengers for the Presidency, which officially began today with the first televised debate with all nine candidates, Bush is reissuing his economic policy proposals to the public to appear proactive on an issue that will be one of the most dominant themes of the campaign.
Outlook	WMRC believes these proposals - if they are eventually enacted - will have a limited impact on revitalising the US economy, especially in the short term, as they do not directly address key economic issues such as high unemployment, a ballooning federal deficit, tepid financial markets and general economic uncertainty due to fears over terrorism. Politically, this economic agenda will appeal to his base supporters, but his opponents are likely to highlight that Bush has four years to push through his agenda and has not so far been successful.

Welcome to the Department of Redundancy

Yesterday in Kansas City, Missouri, a state that George W Bush urgently wants to win in 2004, the President delivered one of his most comprehensive speeches on the economy in nearly a year. A lack of economic stability cannot be good for Bush's re-election campaign, and the government has been receiving much criticism about the recent tax cuts, which some Democrats say are only helping the rich at a time when job losses are affecting millions across the US. Bush's 'Six Point Plan for the Economy' aims to bring about an economic recovery through the following: affordable healthcare, a national energy policy, opening overseas markets to American products, a limit on the awards paid to medical malpractice victims, a simplification of regulations on small business and an appeal to Congress to make his tax cuts permanent. These ideas are not new, but for the first time they have been brought together into one comprehensive economic plan. The issue of the country's economy is more important to voters than such issues as the reconstruction of Iraq, and the aim of this announcement seems to be to show President Bush tackling such a subject strongly.

Summary of President Bush's Economic Revitalisation Plan

- **Make Healthcare Costs More Affordable and Predictable.** Health insurance costs for US employers have been rising by 10% per year since 2000, causing businesses to hire fewer workers and thousands of families to go without insurance. Bush proposes to allow small businesses to pool together to purchase health coverage for workers at lower rates; expand medical savings accounts to give workers more control over their healthcare insurance and costs; and reduce what he called 'frivolous and excessive lawsuits' against doctors and hospitals that he claims drive up insurance costs for workers and businesses.
- **Reduce the Lawsuit Burden on the Economy.** Bush has proposed - and the House has already approved - measures that would allow more class action and mass tort lawsuits to be moved into Federal court so that trial lawyers have a harder time shopping for a favourable court. The President's reforms are intended to help insulate businesses from the fear of such suits and presumably focus on creating jobs, rather than fighting 'junk' lawsuits.
- **Ensure an Affordable, Reliable Energy Supply.** Energy shortages, price spikes and blackouts disrupt the economy and discourage businesses from planning with confidence and adding new workers. Bush has proposed a comprehensive national energy plan to upgrade the nation's electrical grid, promote energy efficiency, increase domestic energy production and provide enhanced conservation efforts.

- **Streamline Regulations and Reporting Requirements.** Bush proposes to simplify and streamline regulations and tax reporting requirements for small businesses in an effort to help the nearly 3 million small businesses in the US save 61 million hours of work related to complying with government regulations.
- **Open New Markets for American Products.** Bush proposes developing more bilateral trade agreements similar to those recently signed with Chile and Singapore, enabling US manufacturers easier access to foreign markets without having to compete with trade-distorting tariffs, subsidies, and quotas.
- **Make the Original Bush-Sponsored Tax Reductions Permanent.** Bush proposes making the increase in the child tax credit, the elimination of the death tax, and the new incentives for small business investment - all due to expire in a few years - permanent reductions.

Source: White House Press Release, 4 September 2003

Blame the Recession on Osama

Bush admitted that unemployment in the US was too high, blaming the September 2001 terrorist attacks and the recent recession - over 2.7 million jobs have been lost since Bush came to power. Yet he went on to say that job losses would have been even higher had it not been for the three tax cuts that he had brought in since he was elected, and that these cuts, which will add up to around US\$2trn over the next decade, had shortened the recession. The leading Democratic candidates vying to defeat Bush in the upcoming presidential election have voiced strong criticism for these cuts, pointing out that they primarily benefit the rich, who they claim make up the bulk of Bush's campaign supporters. Although the US recession was due to a broader global economic slowdown, it was indeed made worse by the 11 September attacks, but it was also caused by the unprecedented bankruptcies of some of the largest corporations in the world; bankruptcies that were brought about primarily by corruption and corporate scandals at the highest levels. Bush's speech did, however, cite increased investor confidence in the stock market, and the very high levels of home ownership, as proof that not all was bad news in the economy.

Outlook and Implications

The Bush economic plan is blatantly political as it presents only policies that have already been proposed, some of which would only have a limited impact on the key aspects of the economy that require the most attention. Although there are positive signs of an economic recovery - primarily found in home sales, consumer confidence, worker productivity, and corporate profits - the recovery is tenuous. The bad news on the economic front includes a ballooning federal deficit (US\$500bn), unabated cost increases for Iraq's reconstruction (US\$30bn per year), the US current-account deficit (a record US\$136bn in Q1 of 2003), and, the worst news of all, an unemployment rate that continues to rise (9 million Americans, 6.2%, are out of work). The proposals repackaged and put forth by Bush today are intended to appeal to his base of political support as they are 'bread-and-butter' Republican policy ideas. Eliminating 'burdensome' regulation, cutting taxes, reining in lawyers and signing more trade deals are not innovative policies, and have invoked criticisms from Bush's political opponents for showing how the Bush administration is bankrupt of new ideas to improve the still-flagging economy. Although this latest announcement by President Bush is designed to put his best foot forward regarding his administration's efforts to aid the economy, unless a lot more Americans are able to go back to work before the next election, his opponents will continue to chip away at his political support.

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