



## **The 2004 Presidential Election**

October 19, 2004

With the Presidential election coming up in 2 weeks, it is useful to reflect on the major economic issues facing our nation, our State, and our region and what the two candidates are likely to do if elected.

First, no matter who wins, they will face a sluggish economy exhibiting a low growth in GDP, rising inflation and high energy prices. Making matters worse is the huge federal budget deficit and rising interest rates, courtesy of the Federal Reserve. So, the next President will have limited maneuvering room for new policy initiatives.

Second, President Bush proposes to make the tax cuts permanent and to expand the cuts. He promises more fiscal discipline to lower the deficit. This plan will, at best, produce nothing more than the status quo and at worse, even high interest rates. Stagflation, maybe.

Third, Senator Kerry would roll back the tax cuts for those earning over \$200,000 and use the money to provide more tax cuts to the middle class. In addition, Kerry would lower corporate taxes and would promote U.S. jobs by using tax gambits favoring outsourcing. Finally, Kerry would ask Congress to reinstitute a pay as you go budget plan. This last notion would be great if Congress would pass and adhere to it, but Kerry would face a hostile Republican controlled Congress unlikely to do his bidding. The Kerry fiscal slam would be marginally better than the Bush plan, but as I said before, neither candidate really has much maneuvering room.

Fourth, neither candidate has put forth an effective plan to control health care costs or to reform Social Security. No matter who is elected they will be forced to deal with these issues. And no matter who is elected they will lower benefits and increase taxes to ameliorate the growing problems with Social Security and Medicare and Medicaid.

For Florida, we are coming into the election with a strong, but somewhat storm battered economy. Rising health care costs are a big problem in Florida in terms of Medicaid and for our citizens, especially those lacking insurance. Unfortunately, neither candidate has an effective plan to deal with this problem. And this is a particular concern for Central Florida with our large base of tourism and hospitality industry workers.

Finally, the looming economic slowdown that neither candidate's program effectively addresses, means that Central Florida's economic growth will also slow somewhat next year.

This is Hank Fishkind for 90.7 FM, WMFE News.

<http://www.fishkind.com>