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Bush pushes plan to spark economy

By James Toedtman

CHIEF ECONOMIC CORRESPONDENT

Washington — President George W. Bush and congressional leaders pledged yesterday to develop a \$50-billion to \$75-billion package of tax cuts and new spending to jump-start the nation's economy, which has stalled since the Sept. 11 terrorist attacks.

At a meeting with New York business leaders, Bush announced his support for a plan costing \$60 billion to \$75 billion that would be aimed at encouraging business and consumer spending while assisting those who need health and financial benefits after the attacks, which left nearly 6,000 dead. Congressional Democrats said they wanted to limit the cost to \$50 billion.

"We're coming together on a plan that I believe needs to get passed as quickly as possible," Bush said. "We've now got a reason to do . . . what it takes to make sure this economy gets growing so people can find work."

Congressional leaders said they were optimistic the package could be produced, and they continued their own assessment of the economy in a private meeting with Federal Reserve Chairman Alan Greenspan and former Treasury Secretary Robert Rubin.

Bipartisanship prevailed as the Senate Finance Committee began discussing specific options with Treasury Secretary Paul O'Neill.

The stimulus plan outlined by Bush was essentially the same as the plan being discussed by Senate Majority Leader Tom Daschle (D-S.D.) and Senate Finance Committee Chairman Max Baucus (D-Mont.).

The package's three components include:

- Tax incentives for consumers: rebating payroll taxes or advancing to next year the marginal rate cuts set for 2004.
- Tax incentives for businesses: accelerating depreciation schedules, calculating a portion of new investments as expenses that are not taxed or creating investment tax credits.
- Aid for workers and businesses affected by the attacks: extending unemployment benefits or creating job training funds.

O'Neill, who said he hoped final agreement could be reached in four weeks, also proposed a new system of "national emergency grants" for states to use as they wished. He did not mention a price tag.

While economists as well as politicians have questioned the adequacy of a \$60-billion stimulant in a \$10-trillion economy which most believe has slipped into a recession, Bush and congressional leaders took their lead from Greenspan, who has urged them to take their time and to limit any economic stimulus effort to \$100 billion total, 1 percent of the gross domestic product. By comparison, earlier this year Congress approved \$38 billion in tax rebates, which have been delivered.

O'Neill faced the sharpest criticism from conservative Republican senators who think the administration should concentrate on tax breaks, not spending. Sen. Don Nickles (R-Okla.) criticized the administration for even considering a minimum-wage increase, which O'Neill said remained an option.

Already, Congress has approved \$40 billion for cleanup and \$15 billion in aid and loan guarantees for the aviation industry.

The stock market reacted positively to the idea of a stimulus package, with the Dow Jones industrial average closing above 9,000 for the first time since the attacks.

The list of new proposals, though, threatens to explode. House Democratic Leader Dick Gephardt of Missouri has proposed new protection for the nation's nuclear power plants, and on Tuesday Sen. Hillary Rodham Clinton (D-N.Y.) raised a series of projects involving water, energy and transportation in the name of "Homeland Security."

Sen. Chuck Grassley (R-Iowa) listed nine tax proposals, and Sen. Frank Murkowski (R-Alaska) proposed government assistance for construction of a 3,000-mile natural-gas pipeline from Alaska to Chicago.

As the list of proposals grew, O'Neill reminded the senators, "If we 'Christmas tree' this effort or use it to advance partisan agendas, then I think it's doomed. No legislative product is better than a bad legislative product."

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