



Why Jeb Bush Wants Small Businesses to Grow Like It's 1985

Former Florida Governor Jeb Bush to offer his prescription for getting the U.S. economy back to 4 percent growth per year at CPAC, which starts Wednesday.

By Jeremy Quittner

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On Wednesday, potential presidential candidate Jeb Bush heads to Washington to try to prove his conservative bona fides to none other than the Conservative Political Action Conference.

The CPAC is perhaps the largest gathering of conservatives during the year. And Bush will appear there with other potential Republican presidential candidates such as a former Hewlett-Packard chief executive Carly Fiorina, Texas Senator Ted Cruz, Kentucky Senator Rand Paul, and--yes--even Donald Trump.

In recent weeks, he's spoken about the economy in Detroit, and on foreign policy in Chicago. At CPAC, Bush will likely continue defining his business agenda. His stance on pocketbook issues like taxes and the economy is sure to be prominent among business owners, as Bush is largely seen as a top Republican presidential contender in the 2016 election--even if he hasn't made his intentions known yet.

While his business-themed policy proposals will likely offer a mixture of traditionally Republican tax cuts and so-called trickle down economics, he may discuss his views on how to support the middle class, lift up the lowest wage workers and close the income gap, which would continue on the themes he began earlier this month. One of the ways he plans to do that, according to the comments he delivered to the Detroit Economic Club in early February, is by returning the economy to an annual growth rate, which the U.S. has not consistently experienced since the 1980s and 1990s.

"The U.S. should not settle for anything less than four percent growth a year," Bush said. "At that rate, the middle class can thrive again."

That's a tall order for an economy that's been stuck at half that growth rate for the last decade.

And although Bush, who is the son of 41st president George H.W. Bush and brother of 43rd president George W. Bush, was short on details, he suggested that supporting education and stronger families would be key to his goal. He also has said in Detroit and elsewhere, that overhauling immigration and strengthening trade agreements would be key to his economic agenda.

"[Bush's] big areas of focus have always been on education, and refocusing people on opportunities, no matter what income bracket they are born into," says Stan Veuger, resident economist for American Enterprise Institute, in Washington, D.C.

Bush, a two-term governor of Florida as well as that state's secretary of commerce in the 1980s, is also an entrepreneur. That could give him valuable insight into how to ramp up economic growth.

A real estate developer in the 1980s, he turned to the financial world after his second term as governor ended in 2007. Although Bush recently relinquished seats on the boards of Tenet Healthcare and Rayonier, a timber business, he also manages an offshore private equity fund called BH Global Aviation, according to Bloomberg. In 2007, he served as a private equity advisor with now-defunct investment bank Lehman Brothers, and more recently as an advisor to Barclays.

Much like Mitt Romney in the 2012 election cycle, he'll need to try recasting his more elite experiences into a cohesive national agenda with a strong populist appeal, political experts said. One of the cornerstones of conservative politics is cutting taxes for the wealthy--whether that's the corporate tax rate on businesses, or the individual tax rate for consumers. Like it or not, however, left of center observers said such policies tend to favor big businesses more than smaller ones.

"With a Republican like Jeb Bush, with a big business, trickle down economic mindset, small businesses generally get overlooked," says Lakshmi Balachandra, a professor of entrepreneurship at Babson College.

Certainly Bush's two terms as governor showcase this point. During his tenure, conservative groups like the Cato Institute lauded his prolific tax cutting on personal and business investments, property, and some business capital investment, though they criticized his increases in state spending.

Conservatives have also favored Bush's pro-business tort reform during his governorship, which resulted in Florida becoming one of only a handful of states that have overturned long-established liability statutes, which freed businesses from more extensive damages in the case of negligence. Bush was also successful in pushing through limits on medical malpractice suits.

Translated to a national stage, such policies could create a disconnect between Bush's stated long-term goals of helping the middle class and poorer workers while supporting business, political analysts say.

"The proposition that held from the 1950s until recently is that as businesses did well, so would workers," says Robert Shapiro, a senior policy scholar at Georgetown's Center for Business and Public Policy, and former economic advisor to President Bill Clinton. "It is no longer the case that you can simply assume that what is good for business is good for workers."

Still, some political analysts see Bush attempting to make himself over into something of a Republican moderate.

"What strikes me about the Bush economic strategy at this point is that it comes straight from Jack Kemp's philosophy about empowerment, and minority entrepreneurship, and developing inner cities," says Bill Whalen, a research fellow of politics at the Hoover Institution.

As a vice presidential nominee during Senator Bob Dole's unsuccessful run for president in 1996, Kemp had served in a sub-cabinet position under George H.W. Bush as chairman of the Economic Empowerment Task Force. That group sought to combat national poverty.

Certainly Bush's support of trade agreements, voiced during his speech on February 18 to the Chicago Council on Global Affairs, and immigration reform could help unlock stronger economic growth, suggest policy experts. Some trade analysts suggest that increasing exports to 15 percent of gross domestic product from its current 13 percent rate, could add \$300 billion in new GDP annually.

"Jeb Bush has a big interest in Latin America, and I expect he would follow in the footsteps of [his] father and brother in being more internationally focused on trade issues," says Todd McCracken, president and chief executive of the National Small Business Association, a business advocacy group. He adds that "more trade agreement[s] are good for exports."

Meanwhile, Bush, whose wife is Venezuelan, has already spoken strongly on the impact immigration overhaul could have on the economy.

"The immigrant experience makes us unique and special and different, and it is part of our extraordinary success over time," Bush told his Detroit audience. "Fixing this broken system is a huge opportunity to get to 4 percent growth."