

NABE ECONOMIC POLICY SURVEY - MARCH, 2004

Table 1: Q1(A). What do you think is the one most serious problem facing the U.S. economy over the next two years?

	Total
Lack of jobs	51 25.1%
Growing federal deficit	50 24.6%
The Middle East and terrorism	39 19.2%
Excessive household and/or corporate debt	13 6.4%
Rising inflation	13 6.4%
Current account deficit and the collapse of the dollar	11 5.4%
Poorly prepared labor force/ shortage of skilled labor	11 5.4%
Deflation risk	3 1.5%
Industrial overcapacity	1 0.5%
Other	8 3.9%
NR	3 1.5%
Base	203

Other:

- Chinese economy and yuan
- Costs (in general) incurred in pursuit of "security"
- Excessive Federal spending growth
- Failure of corporate mgmt to set realistic financial targets
- George W. Bush
- Government (State & Federal) Deficits
- growing government spending
- Rising threat of protectionism
- the bubble in housing prices pops
- Threat of trade protectionism
- Too much regulation

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Table 2: QI(B). What is the biggest long-term challenge to the economy?

	<u>Total</u>
Growth of elderly population & rising dependency ratio	55 27.1%
Federal deficits	49 24.1%
Health care costs	39 19.2%
Educational inadequacies and skilled labor	25 12.3%
International competitiveness & job losses to abroad	15 7.4%
Energy issues	7 3.4%
Other	10 4.9%
NR	3 1.5%
Base	203

Other:

- China
- Democracies ability to vote itself non-economic benefits
- Excessive government spending
- Excessive Government Spending
- George W. Bush's policies
- governmental and legal actions that reduce or pervert positive incentives
- Growth in "social welfare spending" (mainly a combo of Medicare& soc. Sec.)
- Its not the deficits - it's the level of govt spending.
- Poor quality of corporate management and management education
- Regulatory costs, including torts and tort liabilities.
- The Middle East and terrorism
- Underfunded long-term social insurance obligations

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Table 3: QI(C). What do you think is the U.S's greatest economic strength today?

	<u>Total</u>
Technological lead and strong productivity	91 44.8%
Flexible economy and labor force	49 24.1%
Deep capital markets	22 10.8%
Democratic government	9 4.4%
Legal and judicial institutions	11 5.4%
World's sole remaining super power	7 3.4%
Effective monetary policy	7 3.4%
Quality work force	2 1.0%
Quality of corporate management	0 0.0%
Other	5 2.5%
Base	203

Other:

- A legal system and a culture based on individual liberty and a belief in the right to seek one's own betterment and happiness
- Consumer demands
- Entrepreneurship and thriving small businesses
- High integration with global economy
- This is scary. I don't think any of these are strengths right now.

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Table 4: QII(A). Do you consider current monetary policy to be:

	<u>Total</u>
Too stimulative	56 27.6%
Too restrictive	5 2.5%
About right	141 69.5%
Don't know	1 0.5%
Base	203

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Table 5: QII(B). Over the next six months, would you prefer monetary policy to be:

	<u>Total</u>
More stimulative	8 3.9%
More restrictive	96 47.3%
Unchanged	98 48.3%
NR	1 0.5%
Base	203

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Table 6: QII(E). Over the next six months, do you expect short-term interest rates to increase, remain about where they are today, or decrease?

	Total
<u>INCREASE</u>	110 54.2%
Increase, no amount given	1 0.5%
Increase of 25 Basis points or less	32 15.8%
26 - 50	59 29.1%
51 - 75	8 3.9%
76 - 100	5 2.5%
101 - 125	5 2.5%
<u>DECREASE</u>	4 2.0%
Decrease, no amount given	1 0.5%
Decrease of 25 points or less	2 1.0%
26 - 50	1 0.5%
51 - 75	0 0.0%
76 - 100	0 0.0%
101 - 125	0 0.0%
<u>REMAIN THE SAME</u>	87 42.9%
No Change	87 42.9%
NR	2 1.0%
Base	203

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Table 7: QIII(A). Do you consider current fiscal policy to be:

	<u>Total</u>
Too stimulative	128 63.1%
Too restrictive	13 6.4%
About right	57 28.1%
Don't know	4 2.0%
NR	1 0.5%
Base	203

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Table 8: QIII(B). Over the next two years, would you prefer fiscal policy to be:

	<u>Total</u>
More stimulative	17 8.4%
More restrictive	156 76.8%
Unchanged	28 13.8%
NR	2 1.0%
Base	203

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Table 9: QIII(C). Over the next two years, do you expect fiscal policy to be:

	<u>Total</u>
More stimulative	33 16.3%
More restrictive	82 40.4%
Unchanged	86 42.4%
NR	2 1.0%
Base	203

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Table 10: QIII(D). Regarding the use of fiscal policy to stimulate the economy, which of the following tools would be most effective within two years of enactment?

	EFFECTIVENESS							N.R.	Mean
	LEAST					MOST			
	Total	1	2	3	4	5			
Cutting taxes	203 100%	26 13%	24 12%	31 15%	65 32%	9 4%	48 24%	3.0	
Increased federal spending	203 100%	37 18%	26 13%	39 19%	53 26%	3 1%	45 22%	2.7	
Tort reform of class-action liability lawsuits	203 100%	60 30%	45 22%	54 27%	26 13%	13 6%	5 2%	2.4	
Reducing tariffs and trade quotas	203 100%	13 6%	54 27%	74 36%	42 21%	15 7%	5 2%	3.0	
Other	203 100%	8 4%	1 0%	3 1%	2 1%	16 8%	173 85%	3.6	
Base	203								

Other:

- ????
- Balancing the Budget
- enhance automatic stabilizers
- Federal Budget should not be driven by fiscal policy considerations.
- further deregulation of financial services industries
- I don't really think they are countercyclical but tort reform and free trade are always good ideas.
- Improving honesty and quality of corporate governance
- Increase foreign aid
- Infrastructure Investment (Mass Transit, Highway Improvement, etc.)
- It depends how you cut taxes and how you increase spending
- Loosen regulation for broadband, and stem cell research
- Moving tax burden from lower ioncome to higher income groups
- Reduce defense expenditure and other discretionary spending
- Reduce expenditures on military actions and increase expenditures on domestic infrastructure, education, R&D, and other productivity-enhancing programs
- Reduce government economic involvement
- reduce payrolls taxes
- Removal of discentives to save in our tax system, and corporate tax loopholes
- Returning to a more equitable set of tax rates and rules.
- Social Security Reform
- Stable fiscal policy rather than hopping around
- Stronger regulation of bond and stock markets
- targeted tax breaks, particularly to hire workers
- Upgrade employee skills

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Table 11: QIV(A). The U.S. current account deficit is nearly 5% of U.S. GDP. Is the size of the current account deficit a threat to the United States or world financial and economic stability?

	<u>Total</u>
Yes	42 20.7%
No	55 27.1%
Eventually, but not yet	105 51.7%
NR	1 0.5%
Base	203

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Table 12: QIV(B). If it is a threat, please rate the effectiveness of the following tools.

	EFFECTIVENESS						N.R.	Mean
	LEAST			MOST				
	Total	1	2	3	4	5		
Talk the dollar down	203 100%	41 20%	48 24%	30 15%	13 6%	3 1%	68 33%	2.2
Persuade China to float the renminbi	203 100%	17 8%	35 17%	40 20%	40 20%	2 1%	69 34%	2.8
Persuade Japan to stop intervention	203 100%	17 8%	42 21%	45 22%	29 14%	1 0%	69 34%	2.7
Orchestrate global policies aimed at growth	203 100%	8 4%	16 8%	31 15%	43 21%	39 19%	66 33%	3.6
Raise tariffs	203 100%	107 53%	23 11%	3 1%	0 0%	2 1%	68 33%	1.3
Subsidize exports	203 100%	81 40%	36 18%	16 8%	2 1%	1 0%	67 33%	1.6
Encourage foreign direct investment into the U.S.	203 100%	20 10%	18 9%	50 25%	38 19%	9 4%	68 33%	3.0
Reform U.S. tax system to a consumption-based system	203 100%	23 11%	22 11%	35 17%	39 19%	16 8%	68 33%	3.0

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Table 13: QIV(C). What is the greatest threat posed by the current account deficit?

	<u>Total</u>
Higher interest rates and slower growth in the U.S.	78 38.4%
Increased trade barriers	56 27.6%
Reduced foreign investment & ultimately less productivity	18 8.9%
Increased foreign ownership of U.S. assets	16 7.9%
A weaker dollar	22 10.8%
Other	5 2.5%
NR	8 3.9%
Base	203

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Table 14: QIV(D). Can U.S. policy makers have much effect on the strength of the dollar?

	Total
Yes	124 61.1%
No	77 37.9%
NR	2 1.0%
Base	203

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Table 15: QIV(E). Do you believe a strong dollar or a weak dollar policy would best serve the overall economic interests of the United States?

	Total
Strong	62 30.5%
Weak	36 17.7%
None	104 51.2%
NR	1 0.5%
Base	203

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Table 16: QIV(F). Is free trade hurting overall employment levels in the United States?

	Total
Yes	19 9.4%
No	122 60.1%
A little	62 30.5%
Base	203

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Table 17: QIV(G). Should certain sectors of the economy be protected even though it might mean higher prices for consumers?

	Total
Yes	38 18.7%
No	162 79.8%
NR	3 1.5%
Base	203

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Table 18: QIV(G). If you answered yes, what was your reason(s) you had in mind?

	<u>Total</u>
National security	32 15.8%
Protecting unskilled jobs	5 2.5%
Other	9 4.4%
NR	163 80.3%
Base	203

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Table 18: QIV(G). If you answered yes, what was your reason(s) you had in mind?

National security:

- aerospace, weapons production
- air travel and government services
- aircraft, shipping, materials used in military
- Aviation, aerospace, high precision machining
- Defense
- Defense
- defense electronics, materials (composites)
- defense, homeland security
- defense, steel
- Defense, telecom
- Defense; High Tech; Other
- defense; upper tiers of supply chain
- Energy/defense
- Only high-tech national defense
- Research & Development
- Steel
- tech/some mfg
- Technology and defense
- There is no outsourcing national security

Protecting unskilled jobs:

- Manufacturing
- Textiles
- All

Other:

- | <u>Industry</u> | <u>Reason</u> |
|---------------------------------------|---|
| • Software, bio tec | Self sufficient food supply |
| • Agriculture | Technolgical change and worker productivity |
| • Education | |
| • healthcare, financial services | |
| • Key industries: Steel, Chemical,etc | |
| • software + business services | intellectual property |
| • transportation | protecting jobs and national security |

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Table 19: QIV(H). Do you believe education reforms are necessary to maintain the standard current of living of our citizens?

	Total
Yes	172 84.7%
No	30 14.8%
NR	1 0.5%
Base	203

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Table 20: Future topics

- ?
- Actions required to curb federal deficits over next 5-10 years.
- Analysis of government spending, divided between current and investment
- ask about specific fiscal policies = types of spending and types of taxes
- changing job market and income distribution
- Completing Doha Round Trade Reform
- Consumer confidence
- Corporate mood, their decision making process and health of their balance sheet
- Credit quality and availability
- Deficits, Balanced Budget, Taxes
- Do you believe that the top tax rate should be raised back to 39.6 percent to help reduce the deficit?
- Economic effects (i.e., more social security, change in tax status, etc.) to "couples" that heretofore had legal status as individuals
- education & infrastructure, inequality, job growth policies
- Energy and Environment
- environmental taxes as a revenue source
- explore more policy options for dealing w/ budget deficits
- Fedpolicy, social security
- Further domestic policy considerations-- deregulation: Bush approach vs alternates; international: importance of multilateral approach vis-a-vis "go it alone".
- Government waste
- Health Care
- How can we educate the American public (and Congress) in basic economics?
- How the exploding national debt will hurt Soc. Security & Medicare for Baby Boomers & also decrease international confidence in the US economy
- How to promote a "truer" value for the Chinese yuan without serious problems?
- How to restructure Medicare, Medicaid, Social Security,
- immigration; Medicare reform; insolvency of Social Security
- Impact of bilateral trade agreements as a world wide trend
- Impact of falling dollar on prices/costs; transmission of higher commodity prices to overall inflation
- Impact of U.S. military actions abroad
- improved productivity measures that account for cost of capital substitution for labor
- In depth treatment of free trade/protection issue.
- income tax to be reviewed not as one issue but into its components
- International country compaison: links between quality of education and strength of national economy.
- Is increasing defense expenditure (and Federal deficits) a threat to long run economic stability and growth?
- Is Offshoring of US jobs a structural or cyclical issue? Biggest Impact where?
- Is the current productivity surge caused by the way it is calculated... does outsourcing increase the productivity result ?
- Is the tax system too progressive? Should we stop taxing capital income?
- Job creation subsidies
- Keep hammering on education and labor force issues.
- Labor Force Issues
- Making Social Security a true, protected trust fund that can't be raided.
- Medical costs
- More questions on what needs to be done to improve education system.
- Off shoring. Federal deficits
- Offshoring/foreign outsourcing
- Outlook for productivity growth
- outsourcing jobs offshore

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Table 20: Future topics (continued)

- Private Accounts for Social Security
- Productivity issues
- regulated industries
- Relationship between education and Employment Growth.
- Return to reality--job protectionism is bad policy--Schumpater, creative distruction!
- Soc. Sec./welfare/educ 1-12
- social security
- Social security and Medicare solvency, privatization
- Social Security Reforms/Changes; Single-payer Healthcare System
- Social Security, in light of Greenspan's recent position on its viability
- Social Security/Medicaid Cost Projections and alternative wys to slow their growth.
- Solicit opinions on U.S. effort to reduce oil dependency. Is it enough?
- state financial crises; failure to fund public higher education and need for educated labor force
- Support employment of unskilled labor until retrained
- Tax credit based on productivity gains (e.g., value added minus labor cost) instead of capital inputs
- U.S. Agricultural policy
- We're in an election year....let's survey on candidate programs and platforms
- What about the use of incentives by local and state governments; how to grow regional economies, the importance of particular indsutires i.e manufacturing in the long run
- What reforms, if any, should be considered for Social Security, Medicare/Medicaid
- You are doing a good job.
-