Bush offers up a cure

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President Bush pitched his latest cure-all for the ailing economy Tuesday in Chicago, asking Congress to eliminate all tax on stock dividends, issue immediate tax rebates to parents and extend aid to the jobless.

"We cannot be satisfied until every part of our economy is healthy and vigorous," Bush told an estimated 2,600 movers and shakers during a half-hour speech at an Economic Club of Chicago luncheon in a downtown hotel. "We will not rest until every business has a chance to grow, and every person who wants to find work can find a job."

Suburban families who are middle class or higher and seniors who hold income-earning stocks would benefit from Bush's plan. And those thrown out of work recently from layoffs at places like United Airlines and Motorola also would benefit from new personal accounts of up to $3,000 to help find new jobs.

The president's plan drew immediate criticism from some Democrats who argue the 10-year, $674 billion package takes money away from the U.S. Treasury at a time when government spending deficits are rising due to the war on terrorism. Others contend the plan provides too much benefit to the rich at the expense of the poor.

"The economy is driven from the bottom-up, but Republicans see it only one way, top down," said U.S. Rep. Jan Schakowsky, an Evanston Democrat whose district includes Des Plaines.

"The Republicans' latest proposal is going to be more of the same trickle-down economics that will continue to damage rather than stimulate the economy."

Democrats want to give $300 tax rebates to all working Americans, extend unemployment benefits for six months instead of three months and provide more aid to states.

But not all Democrats were bringing up the class issue.

"It isn't good vs. evil or rich versus poor. It's dealing with the economy in this nation," Democratic Chicago Mayor Richard M. Daley said. "I believe that he hit a home run in the sense that he talked to Middle America. There's no quick fix. It can't be done in a year, this has to be a commitment today and continue for a number of years."

The newest part of Bush's plan would eliminate the tax on stock dividends, with the goal of spurring investors to buy stock in companies that pay out their profits. Improving the long-struggling stock market would boost people's pensions and retirement plans. The White House estimated that nearly 10 million seniors who use dividends to boost their retirement incomes would save an average of $936.

Congressman Phil Crane, a Republican from Wauconda said he has long called for the elimination of the "sick system" where businesses' profits are taxed, and then investors are taxed again when they collect dividends. Crane, sworn into his 18th term Tuesday, also suggested the estimated $674 billion cost of the Bush tax cuts would be more than made up by a healthier economy.

Bush's plan also would speed up the income tax rate reductions that began last year and were scheduled to dip again in 2004 and 2006. If Congress approves the rate cuts, Bush would ask the U.S. Treasury to revamp withholding tables immediately so that people would start bringing home more in their paychecks.

In addition, families would get instant rebate checks of $400 per child - an advance on speeding up the child income tax credit from $600 to $1,000 per child from 2010 to this year. The so-called marriage penalty phase-out also would be sped up to this year.

Bush's plan also would allow small businesses to write off up to $75,000 of equipment purchases, up from the current $25,000 limit. Alan Reynolds, a former chief economist at First Chicago who is a scholar at the conservative Cato Institute, said that provision could help the computer industry, which needs it.

The speech marked Bush's sixth visit to Chicago since becoming president two years ago, further indication he is trying to turn around his double-digit loss in Illinois to Democrat Al Gore in 2000.

Cuts: Withholding rates could be changed right away to leave more in your paycheck.