

INTERNACIONAL

LA ECONOMÍA SIGUE CRECIENDO

En vísperas de las elecciones presidenciales, la Reserva Federal, ha informado que la economía ha crecido en Estados Unidos durante los meses de septiembre y octubre, a pesar de que los indicios de unos precios de la energía más altos empiezan a afectarla. "La actividad económica continuó expandiéndose", indicó la Fed en su libro "beige" sobre la coyuntura económica. De todos modos, el

documento lanzó una señal de alerta sobre el incremento de los costes de la energía, ya que en la mayoría de los distritos los empresarios expresaron de forma fehaciente su preocupación por este aumento. La Fed agregó, sin embargo, que "muchos empresarios industriales y de servicios pudieron repercutir una parte, si no todo, el aumento del precio a sus clientes".

ELECCIONES PRESIDENCIALES

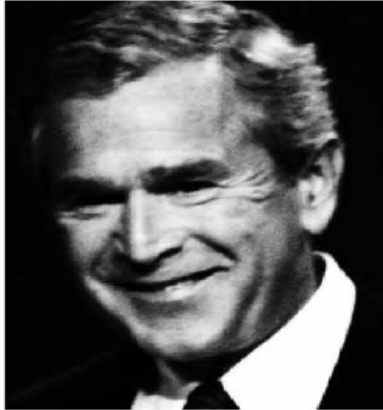
Estados Unidos: entre la mula y el elefante

Con los republicanos bajan más los impuestos, los tipos de interés y el dólar que con los demócratas

José Antonio Santos

Como es bien sabido, la mula y el elefante son a la vez mascotas y símbolos de los partidos demócrata y republicano que

nómica, bajan los tipos de interés de la Reserva Federal un 2,1% de media, suben los impuestos en un 7,7%, y el dólar se deprecia contra el yen un 9,7%. ■ En resultados macro, suben la inflación un 3,5% y el PIB un 3%, y



George W. Bush



John Kerry

The United States: between the mule and the elephant

With the republicans, taxes, interest rates and the dollar lower more than with the democrats.

José Antonio Santos

As it is well known, the mule and the elephant are both mascots and symbols of the democratic and republican parties which are in the US presidential election next November 2nd; these elections are often said to have no major news, as they are a highly developed nation in which economic alternatives are very limited.

However, we have found that there are notable differences in policy, model or, if you want, style between the two parties: regardless of the specific economic circumstances that may have occurred in any of the periods that have been analyzed, the tendency of the Democratic *mules* to raise taxes, interest rates and, consequently, the value of the dollar, to a greater extent than republican *elephants*.

To make this statement, we have summarily checked the precedent of variations in the main economic magnitudes over the two years following the election of president in circumstances similar to the current ones: that of a Democratic first term or that of a second Republican term.

What have the *mule* and the *elephant* done in the past?

The *mule* model is derived from the average variations in the two years following 1961, 1977 and 1993, when the Democratic presidents Kennedy, Carter and Clinton were elected to their first term respectively:

- In economic policy actions, the Federal Reserve's interest rates rise by 33.5% on average and taxes by 9.4% on average, while the dollar appreciates slightly against the yen (0.2%).
- In macro results, inflation rises by 5% and GDP by 4.3%, and unemployment falls by 5.8%.
- In markets, equities are up 8.1% and fixed income is down as a result of rising interest rates at 9.2%.

The *elephant* model, on the other hand, derives from the average variations that occurred in the two years following 1957, 1974 and 1985, in which Republican Presidents Eisenhower, Nixon, and Reagan were elected to their second term, respectively:

- In economic policy actions, the Federal Reserve's interest rates fall by 2.1% on average, taxes rise by 7.7%, and the dollar depreciates against the yen by 9.7%.
- In macro results, inflation rises by 3.5% and GDP by 3%, and unemployment rises by 2.9%.
- In markets, equities rose by 16.3% and fixed income fell somewhat, as a result of the increase in long interest rates of 2.2%.

Therefore, the tendency of the Republican *elephants* to lower the fiscal pressure, interest rates and, consequently, the value of the dollar, to a greater extent than the Democratic *mules*, seems clear.

It would seem that the *mules* have an idealistic conception (*top-down*) that needs to finance the intervention of the State so that things are "as they have to be", according to the egalitarian model; its main clients would be among organic intellectuals, civil servants and financial entrepreneurs.

And that, on the contrary, *elephants* have a realistic (*bottom-up*) conception that relies on the market and private entrepreneurship to create wealth; its main clients would be among the self-employed and entrepreneurs in the real sector.

And then, as an object of courtship every four years for its decision-making power, the rest of the families and individuals with the right to vote that make up the central trend of the population distribution in its different segments.

Since we refer to the animals that symbolize political tendencies, it seems appropriate to mention in passing their relationship with other symbolic animals, such as the *bull* (whose movement when going synthesizes the rise) and the *bear* (whose movement when passing from two to four legs synthesizes the low): within our improvised zoo it can be said that, in principle, the *elephant* gets along better than the *mule* with the *bull*, since by discounting the rents by the interest rate, at equal income, its value will be higher the lower the interest rates.

In any case, it can be concluded that these are two quite different ways of understanding the public management of economic activity.

What can be expected now from the *mule* or the *elephant*?

If the main economic magnitudes are projected from their current level according to the aforementioned average rates of variation, forecasts of evolution of those magnitudes that have some interest can be obtained; it is not that they will be repeated, but they are a reasonable indication since the discourse of both candidates does not clearly deduce the main programmatic lines.

In the case of a Democratic first term, the forecasts would be:

- In actions, the Federal Reserve's interest rates at 2.33%, taxes at 2.1 trillion quarterly, and the dollar at 111 yen or 0.81 euros (1.23 per euro).
- In macro results, inflation at 2.83%, GDP at 5%, and unemployment at 5.1%.
- In markets, the S&P 500 at 1,200, and the long rate at 4.45%.

In the case of a second Republican term, the forecasts would be:

- In actions, the Federal Reserve's interest rates at 1.71% taxes at 2.07 trillion quarterly, and the dollar at 100 yen or 0.73 euros (1.37 per euro).
- In macro results, inflation at 2.79%, GDP at 4.9%, and unemployment at 5.5%.
- In markets, the S&P 500 at 1,290, and the long rate at 4.17%.

It is observed that the results of the Democratic *mules* translate into a slight increase in activity and employment (despite higher interest rates and higher taxes, which seems a contradiction that will surely be a matter of time lag between actions and effects), in higher relative inflation, and in lower remunerations in the markets (especially those of fixed income).

In other words, it is observed that the Republican *elephants* obtain somewhat smaller improvements in activity and employment (which also improve a lot due to the lower fiscal pressure and the lower interest rates), but with a lower relative inflation (despite lower interest rates and taxes, which seems a contradiction that will be, also, a matter of time lag between actions and effects), and with greater revaluations of the markets (especially those of equities).

Regardless of the qualitative aspects, such as the type of society to be favored by the application of the values of each model or the specific effect that the different policies employed will produce on each social or economic group, it can be concluded that, in fact, the forecasts do not seem to imply quantitative differences of great magnitude, and that both the Republican *elephant* and the Democratic *mule* are applied in their task at a snail's pace so as not to move away from the central tendency of the population, whose decision-making power fluctuates periodically between them.

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Chart:

Política y economía en los Estados Unidos

COMPARACIÓN DE LAS VARIACIONES PORCENTUALES EN LAS PRINCIPALES MAGNITUDES

1º MANDATO DEMOCRATA	Tipo Fed	Impuestos	Yen/Dólar	SP 500	Deuda 10a	IPC	PIB	Pare	
Kennedy	62/61	12,64	6,6	0	-12,7	-0,5	1,23	6,1	-6,56
	63/62	18,36	7,5	0	17,62	5,1	1,64	4,4	0
Carter	78/77	49,92	19,5	-21,47	-0,14	16,23	8,99	5,6	-13,23
	79/78	35,04	10,9	27,5	12,1	20,88	13,25	3,2	0
Clinton	94/93	75,16	6,4	-9,12	-1,75	39,16	2,6	4	-15,15
	95/94	9,64	5,7	4	33,43	-25,5	2,53	2,5	0
	Media 1º	45,9	10,8	-15,3	-4,9	18,3	4,3	5,2	-11,6
	Media 2º	21,0	8,0	15,8	21,1	0,2	5,8	3,4	0,0
	2 años	33,5	9,4	0,2	8,1	9,2	5,0	4,3	-5,8
2º MANDATO REPUBLICANO	Tipo Fed	Impuestos	Yen/Dólar	SP 500	Deuda 10a	IPC	PIB	Pare	
Eisenhower	58/57	-30,79	4,2	0	25,8	0,54	1,75	-1	21,56
	59/58	76,21	8,8	0	11,05	21,12	1,52	7,1	-6,45
Nixon	75/74	-38,41	4,3	0,82	30,39	4,82	7,13	-0,2	25,76
	76/75	-5,17	12,2	-2,44	11,9	-9,44	5,03	5,3	-6,02
Reagan	86/85	-24,97	6,8	-20,2	23,27	-25,87	1,19	3,5	-1,43
	87/86	10,76	9,8	-16,85	-4,9	22,2	4,33	3,4	-15,94
	Media 1º	-31,4	5,1	-9,7	26,5	-6,8	3,4	0,8	15,3
	Media 2º	27,3	10,3	-9,6	6,0	11,3	3,6	5,3	-9,5
	2 años	-2,1	7,7	-9,7	16,3	2,2	3,5	3,0	2,9
INDICADORES ACTUALES									
		1,75	1,923*	110	1,110	4,08	2,7	4,8	5,4
LA PROYECCIÓN DE LAS VARIACIONES MEDIAS ANTERIORES EN LOS DOS PRÓXIMOS AÑOS DARÍA:									
1º MANDATO DEMOCRATA		2,33	2,100*	109	1,200	4,45	2,83	5	5,1
2º MANDATO REPUBLICANO		1,71	2,070*	120	1,290	4,17	2,79	4,9	5,5

*Recaudación trimestral en miles de millones de dólares

Policy and Economy in the United States

Comparison of percentage changes in the main magnitudes

1st Democratic Term - Fed Type, Taxes, Yen/Dollar, SP500, Debt 10a, CPI, GDP, Unemployment

Kennedy

Carter

Clinton

2nd Republican Term - Fed Type, Taxes, Yen/Dollar, SP500, Debt 10a, CPI, GDP, Unemployment

Eisenhower

Nixon

Reagan

Current indicators

The projection of the previous average variations in the next two years: