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Winner's economic policies will impact Maryland

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Voters decide today between Republican John McCain, left, and Democrat Barack Obama. — AP photos

Whoever becomes the next president of the United States following today's election, Maryland may be affected by his policies more than other areas will be, a top local economist told business leaders Monday morning.

The federal government contributes $6 billion to the Baltimore area economy, and is a "major stabilizing force" in Maryland, Greater Baltimore Committee Chairman and M&T Bank regional president Woody Collins told a crowd gathered for the organization's annual business outlook breakfast.

In the morning's keynote address, economist Anirban Basu, president and chief executive officer of Baltimore-based Sage Policy Group, presented a nonpartisan rundown of the economic policies of Senators Barack Obama and John McCain

Obama has promised tax cuts for the working class, and tax increases for the nation's highest earners, while McCain has said he would hold taxes at their current level.

Either plan could impact Maryland — as the country's richest state or the last two years according to Census Bureau data, more of its residents might face tax increases under Obama. However, Basu said McCain's promise of no new taxes might cut into non-defense spending for organizations like the National Institutes of Health and the Social Security Administration.

"Timing is everything," Basu said, "because top earners here have taken such a beating this year. One of the questions will be to do it in 2009 or wait until 2010."

Basu said both candidates intended sweeping reform of the nation's regulatory oversight of large companies and financial institutions, including better communication and collaboration between federal agencies and increasing shareholder input on executive compensation packages.

"Policy makers in Washington, D.C., and state capitals have decided the cause of the crisis ... the problem was a lack of regulation," he said. "Therefore [they think] the solution must be more regulation."

Monday's event also included a review of the economic crisis and outlook for coming months by Richard Cripps, chief market strategist for Stifel Nicolaus & Co

Despite months of economic upheaval, Cripps said the current crisis is just the ninth-worst bear market since 1900 The Dow Jones Industrial Average is down 44 percent, compared to an average of 47 percent among the other downturns, not including the 1929 stock market crash

And there's hope on the horizon, Cripps said Market crashes tend to devalue companies and assets more than necessary, and the year following those downturns is historically strong

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