

Taking Responsible Action To Keep Our Economy Growing

Administration Continues Strong Steps To Address Economic Uncertainties, Help Struggling Homeowners

Today, the Bureau of Labor Statistics released new jobs figures for February. The unemployment rate decreased to 4.8 percent, below the averages for the past three decades, but nonfarm payroll employment decreased by 63,000 jobs. Our economy has added about 860,000 jobs over the last 12 months – an average of 72,000 jobs per month – and more than 8.1 million since August 2003.

- **The U.S. economy is structurally sound for the long term, but growth has slowed.** Real GDP growth slowed to an annual rate of 0.6 percent in the fourth quarter of last year. While that rate of growth was disappointing, it followed a strong pace of growth in the second and third quarters. Both the Administration and private-sector forecasters still project that growth will continue in 2008, albeit at a somewhat slower pace than in 2007.
- **The President and his Administration are taking action to address economic uncertainties and to keep our economy growing.**
 - **In February 2008, President Bush signed into law an economic growth package that will protect the health of our economy by putting money back into the hands of American workers and businesses.** This growth package meets the criteria the President laid out in January – it amounts to more than \$152 billion, or about one percent of GDP, provides tax rebates to more than 130 million American households, and offers temporary tax incentives for businesses to invest in their companies and create jobs this year.
 - **Treasury Secretary Henry Paulson is working to ensure that Americans receive their rebates as quickly as possible.** This week, the Treasury Department began sending out letters alerting people that they may be eligible to receive up to \$600 for individuals and \$1,200 for couples. Eligible families would also receive an additional \$300 per child. These rebate payments are anticipated to start being sent out in the second week of May.

As The Housing Market Transitions, The Administration Is Helping Responsible Homeowners Across America Through A Series Of Targeted Actions

Treasury Secretary Paulson and Housing and Urban Development Secretary Alphonso Jackson are leading an aggressive plan to help struggling homeowners refinance their mortgages and make the financial adjustments necessary to get through this difficult time.

- **Secretaries Paulson and Jackson facilitated creation of the private-sector HOPE NOW Alliance, which has developed multiple strategies to help distressed homeowners.** HOPE NOW is a cooperative effort among mortgage counselors, servicers, investors, and lenders to maximize outreach efforts to struggling homeowners in distress and to help homeowners refinance into a new mortgage or receive a modification. HOPE NOW membership now covers over 90 percent of the subprime mortgage market.
- **In February, HOPE NOW announced the new Project Lifeline initiative, which will help more Americans keep their homes by giving servicers a new tool to reach out to seriously delinquent homeowners.** Project Lifeline offers, where appropriate, to "pause" the foreclosure process for 30 days while other longer-term solutions are explored.
- **This week, HOPE NOW announced that, since July, more than one million homeowners have been helped with a workout – either a loan modification or a repayment plan.** Of these, more than 638,000 were for subprime borrowers.

Over the latest half year, the Federal Housing Administration (FHA) helped more than 100,000 families refinance their homes. In August, the President and his Administration launched a new initiative at the Federal Housing Administration called *FHASecure*. *FHASecure* expands the FHA's ability to offer refinancing by giving it the flexibility to work with homeowners who have good credit histories but cannot afford their current payments. FHA expects this program to help more

than 300,000 families in total by the end of the year. In addition, hundreds of thousands of other homeowners worked out their own refinancings with private lenders over the latest half year.

In December, President Bush signed the Mortgage Forgiveness Debt Relief Act of 2007, which will help Americans avoid foreclosure by protecting families from higher taxes when they refinance their home mortgages. This Act created a three-year window for homeowners to refinance their mortgage and pay no Federal taxes on any debt forgiveness they receive.

Congress Must Also Take Action By Passing Responsible Legislation That Helps Homeowners – Without Bailing Out Speculators And Unscrupulous Lenders

The President remains deeply concerned about the housing issue and strongly believes that government assistance must be responsible. The President will not support legislation, like the bill recently considered in the Senate that would do more to bail out lenders and speculators than to help American families keep their homes. This measure would actually prolong the time it takes for the housing market to adjust and recover, and it would lead to higher interest rates.

- **President Bush continues to call on Congress to quickly pass responsible legislation modernizing the Federal Housing Administration.** A modernized FHA that is granted appropriate pricing flexibility could help thousands of homeowners by the end of this year, and passage of this bill is the appropriate next step to help bring stability to the housing market for years to come. The President first sent his FHA modernization bill to the Hill in April 2006 – now is the time for Congress to act.
- **Congress should also act to strengthen the regulation of Freddie Mac and Fannie Mae to ensure they are adequately capitalized and focus on their important housing mission.**

The President Calls On Congress To Help Sustain Economic Growth By Approving Pending Free Trade Agreements

Approving the free trade agreements with Colombia, Panama, and South Korea will contribute to U.S. economic growth. Exports now account for a larger share of our GDP than at any other time in history, and jobs supported by goods exports pay wages 13 to 18 percent higher than the national average.

- **The U.S.-Colombia free trade agreement will level the playing field, helping U.S. companies that export to Colombia increase sales and compete more effectively in the Colombian market and strengthening our national security.** Over 90 percent of U.S. imports from Colombia now enter our country duty-free, and this agreement will provide U.S. companies and farmers with duty-free access to the Colombian market. Once implemented, the agreement will immediately eliminate tariffs on more than 80 percent of American exports of industrial and consumer goods, and it will provide significant new duty-free access for American agricultural commodities.
- **The U.S.-Colombia free trade agreement will also strengthen our national security by sending a clear message to a key democratic ally.** This trade agreement will bring new economic opportunities to Colombia's citizens and will reinforce democracy by fighting corruption, increasing transparency, and fostering accountability and rule of law.
- **The Korea – U.S. (KORUS) FTA is the most commercially significant FTA the United States has concluded in the past 15 years.** This agreement will open a growing market of 49 million consumers to the full range of U.S. goods and services. More broadly, the KORUS FTA is a powerful symbol of the United States-South Korea partnership, strengthening our relations with one of our most important and reliable allies in Asia.
- **Expanding trade expands prosperity, but the Federal government has a responsibility to help those who are adversely impacted by trade.** The President has asked Congress to reauthorize and reform trade adjustment assistance, so we can help displaced workers learn new skills and find new jobs.

President Bush Continues To Call On Congress To Further Reduce Economic Uncertainty By Making His Tax Relief Permanent

President Bush believes the most important action to ensure the long-term health of our economy is to make sure the tax relief that is now in place is made permanent. The 2001 and 2003 tax cuts are set to expire in less than three years. If Congress allows that to happen, 116 million taxpayers will see their taxes go up by \$1,800 on average, and we will see an end to many of the measures that have helped our economy grow – including the 10 percent individual income tax bracket, reductions in the marriage penalty, the expansion of the child tax credit, and reduced rates on regular income, capital gains, and dividends.