

A Clear Agenda For Overcoming Economic Challenges

Making Tax Relief Permanent Is At The Forefront Of President Bush's Plan For Continued Prosperity

Today, the Bureau of Labor Statistics released new jobs figures for May. Nonfarm payroll employment decreased by 49,000 jobs in May, and the unemployment rate rose to 5.5 percent. Although the unemployment rate remains below the averages for the past three decades, these numbers are disappointing. Other May data has appeared more positive than the first quarter.

- In February, President Bush signed into law the economic growth package, which is putting over \$150 billion back into the hands of America's workers and businesses this year. The economic growth package is expected to help create more than half a million jobs by the end of 2008. So far, the Treasury Department has sent out more than 66 million rebate checks totaling almost \$57 billion.

To Avoid The Largest Tax Increase In History, Congress Should Make The President's Tax Relief Permanent

President Bush's 2001 and 2003 tax relief fueled economic growth and reduced the burden on everyone who pays income taxes. Had it not been for the President's tax relief, Americans would have paid an additional \$1.3 trillion in taxes by the end of 2007. If the President's tax relief is allowed to expire at the end of 2010, Americans will pay about \$280 billion more in taxes each year.

- Every income taxpayer will see a tax hike if the tax relief expires. Taxes will increase for 116 million households, which will see their taxes go up by an average of \$1,800. It will force many families to accept a nearly 200 percent tax increase. Higher taxes on new investment means less new investment and slower growth.

The Administration Has Taken And Continues To Take Aggressive Actions To Help Americans Keep Their Homes

The President launched FHA Secure, which has helped more than 225,000 families avoid foreclosure by refinancing into safe Federal Housing Administration (FHA)-insured mortgages. FHA also recently announced a plan to expand the program to help even more families refinance their mortgages. In total, FHA expects to help about half a million families refinance by the end of the year.

The President and his Administration also helped facilitate the formation of the private-sector HOPE NOW Alliance, which has developed multiple strategies to help distressed homeowners. By working together, participants in the mortgage industry have helped more than one and a half million families stay in their homes.

Congress should quickly pass responsible legislation modernizing the Federal Housing Administration. A modernized FHA that is granted appropriate pricing flexibility could help thousands of additional homeowners by the end of this year. In April of 2006 President Bush first sent Congress an FHA Modernization bill, and more than two years later, Congress has still not passed it.

Congress should also pass GSE reform to strengthen the regulation of Freddie Mac and Fannie Mae. A good GSE reform bill would ensure they are adequately capitalized and focused on their statutory housing mission. A strong regulator can also make sure that these enterprises do not take actions that place taxpayers or the financial system at increased risk. GSE reform and FHA modernization represent the appropriate next steps to address the housing downturn.

President Bush Calls On Congress To Pass An Energy Bill That Is Both Environmentally And Economically Sound

President Bush calls on Congress to expand domestic oil production to address rising energy prices. Congress should allow environmentally-safe exploration in Northern Alaska. The Department of Energy estimates that the Arctic National Wildlife Refuge could allow America to produce about 800,000 additional barrels of oil each day – a more than 15

percent increase of crude oil production over today's production level.

There is a right way and a wrong way to approach reducing greenhouse gas emissions. As Congress begins the debate on climate change, its members must recognize that bad legislation would raise fuel prices and raise taxes on Americans without accomplishing the important goals the Administration shares.

The Warner-Lieberman bill being debated on the floor this week will damage the economy and drive jobs overseas. The Environmental Protection Agency estimated in March that the bill, as reported, could reduce U.S. Gross Domestic Product by as much as seven percent – more than \$2.8 trillion – in 2050. The Energy Information Administration estimated the bill could reduce U.S. manufacturing output by almost 10 percent in 2030 – before even half of the bill's required reductions have taken effect. The impact on consumers from the combination of the high compliance costs and the new tax-and-spend programs in the bill would be enormous.

Congress Must Support America's Economy And Workers By Approving Pending Free Trade Agreements

The U.S.-Colombia free trade agreement will level the playing field for U.S. companies that export to Colombia. Unfortunately, House Speaker Nancy Pelosi has blocked a vote on the U.S.-Colombia free trade agreement. If this decision stands, it will kill the agreement and hurt American business and workers. By obstructing this agreement, Congress is signaling to countries in our hemisphere and around the world that the United States cannot be trusted to support its allies. Congress is likewise showing that it is not interested expanding job opportunities for Americans here at home.

Approving the free trade agreements with Colombia, Panama, and South Korea will expand access to key export markets with three democratic allies. 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. Real exports grew by 9 percent over the four quarters ended in the first quarter.

The Bush Administration is committed to continue working with Congress to reauthorize and improve Trade Adjustment Assistance, so we can help American workers remain competitive in the global economy.