

Charting A Clear Course For The Economy

President Bush Continues Pressing Congress To Approve Pro-Growth Economic Policies

Today, the Bureau of Labor Statistics released new jobs figures for June. Nonfarm payroll employment decreased by 62,000 jobs in June and the unemployment rate remained unchanged at 5.5 percent, in line with expectations. Although these numbers are disappointing, the unemployment rate remains below the averages for the past three decades. Despite slow growth, the economy continues to demonstrate resilience. The first quarter GDP was revised up to one percent at an annual rate, and other data suggest growth in the second quarter may be stronger than the first quarter.

- **Almost 105 million tax rebate payments, totaling more than \$86 billion have now been sent to Americans under the bipartisan economic growth package President Bush signed into law.** The growth package is sending over \$152 billion back to American families and businesses this year and is expected to help create more than 500,000 jobs by the end of 2008.
- **We expect to see the full benefit of the growth package reflected in economic numbers as the year progresses, but there is already evidence that Americans are spending their rebate checks.** Real consumer spending increased 0.4 percent in May, likely reflecting a boost from the rebate checks.

The President Calls On Congress To Approve Legislation Implementing Pro-Growth Economic Policies

President Bush asks Democratic Congressional leaders to move forward with four steps to expand American fuel production to help U.S. families cope with high energy costs. The President has called on Congress to: increase access to the Outer Continental Shelf; tap into the extraordinary potential of oil shale; permit exploration in the Arctic National Wildlife Refuge; and expand and enhance our refinery capacity.

President Bush calls on Congress to save Americans from the largest tax increase in history by making his tax relief permanent. The President's 2001 and 2003 tax relief fueled economic growth and reduced the burden on everyone who pays income taxes. Without President Bush'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.

President Bush continues to urge Congress to approve pending free trade agreements (FTA) with Colombia, Panama, and South Korea. These FTAs would expand access to key export markets with three democratic allies and level the playing field for U.S. companies. Exports now constitute a larger share of our GDP than at any other time in history, and export-related jobs pay wages 13 to 18 percent higher than the national average. Real exports grew by 9.5 percent over the four quarters that ended in the first quarter of 2008.

The Administration Has Helped And Continues To Help Responsible Homeowners Across America

The President launched FHASecure, which has helped more than 250,000 families avoid foreclosure by refinancing into safe Federal Housing Administration (FHA)-insured mortgages. In April, FHA also announced a plan to expand the program to help even more families refinance their mortgages. This expansion will begin in July. 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 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 1.7 million families stay in their homes since July 2007. HOPE NOW membership now covers more than 90 percent of the subprime mortgage market.

Upon returning from its recess, Congress should swiftly pass responsible legislation to modernize the FHA. A modernized FHA with appropriate pricing flexibility could help thousands by the end of 2008. Congress should also pass GSE reform to strengthen the regulation of Freddie Mac and Fannie Mae, ensuring they are adequately capitalized and

focused on their statutory housing mission. A strong regulator can also ensure these enterprises do not place taxpayers at increased risk. On August 31, 2007, the day he announced the creation of FHASecure, President Bush made an urgent call to Congress to pass FHA modernization and GSE reform. Congress still has not sent the President legislation that he can sign. Every day that we wait, the problem gets worse, and more people go into foreclosure.

- **While the President thinks there are good aspects to Congress' efforts to address the housing situation, he does have concerns.** For example, Senate legislation that would ban risk-based pricing is a mistake. Moreover, the Senate bill would provide for \$4 billion to states to purchase already foreclosed homes, which just helps banks, not people trying to stay in their homes. The Administration is working closely with Congress to try to improve the bill into something the President could sign.