MOVING FROM RESCUE TO REBUILDING

After two of the most difficult years in generations for our Nation's economy, we are at the end of the first phase of the journey, back from the devastating recession. We no longer face the collapse of our financial system or the start of a second Great Depression. Swift and decisive action has turned the tide, and the Nation's economy is recovering. From the American Recovery and Reinvestment Act (the Recovery Act) that boosted macroeconomic demand, jump-started economic activity, and broke a vicious recessionary cycle to the Administration's Financial Stability Plan that helped to restore confidence in our financial institutions and markets and saved the American automobile industry, the President made choices that were unprecedented and, in many quarters, politically unpopular. It is now clear that these policies worked and played a central role in putting the economy on the road to recovery.

That does not mean that the effects of the recession are behind us. Too many Americans are out of work; too many industries and businesses are still recovering from the shocks of the recession; and too many cities and towns are struggling to make ends meet and provide necessary services to their residents. The recovery is still vulnerable to setbacks, and there is evidence that the longer the recession's effects are allowed to linger the more damage it does to individuals and communities. For instance, many studies show that a parents' unemployment is closely tied to their children's educational and professional achievement. Similarly, those entering the workforce during a weak economy experience depressed wages not only in the initial years of their career, but also for years to come. Other research has demonstrated that unemployment has a lasting negative effect on community and civic engagement. If we fail to invest in the capabilities of our workforce, in the infrastructure of our Nation, and in our capacity to nurture and grow new ideas and inventions, we seriously damage the prospects for robust long-term economic growth.

Looking ahead to the promise of the century before us, we must seize this opportunity to transform our economy from one too vulnerable to boom and bust and driven by easy credit and reckless actions to one that is rooted in what Americans do best: innovating, creating, building, and selling these goods and services the world over. To do that, we need to invest in the education, innovation, and infrastructure that the American economy will need to compete in the global economy for years to come. We also need to lay a sound fiscal foundation for our Nation, since we will not be able to grow and spur job creation if we are weighed down by deficits and debt. That will take tough choices, which this Budget reflects—making cuts where necessary and investing in what will make the United States more competitive in the world economy. The Administration is proposing a program that will strengthen the recovery and spur job creation in the months ahead, since we cannot risk losing all the progress we have made in rescuing our economy with a focus on policies that will lead to a sound future and sustained economic growth.

Bringing the Economy Back from the Brink

When the President took office the economy was in freefall. Real gross domestic product (GDP) was dropping at an annual rate of 4.9 percent after falling at an annual rate of 6.8 percent the previous quarter. A steep decline in the stock market combined with falling home prices led to a significant loss of household wealth. Between the third quarter of 2007 and the first quarter of 2009, the real net worth of American households declined by 28 percent—the equivalent of one year's GDP. Americans reacted to this massive loss of wealth by saving more instead of spending. The personal savings rate spiked at 7.2 percent in the second quarter of 2009, after averaging only 2 percent through the end of 2007. This had the effect of reducing consumer demand, a key driver of economic growth. That trajectory has now changed: over the past six quarters, through the fourth quarter of 2010, real GDP has grown at an average rate of 3.0 percent.

In the last year, real wealth has risen as house prices nationally have shown signs of stabilizing and the stock market has partially recovered. And, as of the end of 2010, the American economy had created private sector jobs for 12 months in a row; in fact, in 2010, the private sector gained 1.3 million jobs. To be sure, the economy is not adding jobs fast enough to reduce the unacceptably high unemployment rate. The increase in the savings rate and accompanying decrease in consumer demand has led to a dampening of firms' sales expectations and constrained business investment. And families continue to struggle in the aftermath of the recession. However, we have averted what could easily have become a second Great Depression—in no small part due to the Administration's forceful policy response—and the Administration continues to work to strengthen the recovery and spur more job creation.

The Recovery Act

The Administration took decisive action to bolster macroeconomic demand and jumpstart economic activity, thus putting the brakes on a recession that was spiraling out of control. The President moved rapidly, working with the Congress, and just 28 days after taking office, signed into law the Recovery Act to create and save jobs, as well as transform the economy to compete in the 21st Century. Approximately one-third, or $288 billion, of the Act's funds went to tax cuts for small businesses and 95 percent of working families. Another third, or $234 billion, was used for emergency relief for those who bore the brunt of the recession. For example, more than 17 million Americans benefited from extended or increased unemployment benefits, and health insurance was made 65 percent less expensive for laid-off workers and their families who relied on COBRA. The final third was invested in projects to create jobs, spur economic activity, and lay the foundation for future sustained growth. In addition, aid to State and local governments helped to close budget shortfalls, supporting the jobs of more than 650,000 teachers, firefighters, and police officers. By the end of 2010, almost 95 percent of Recovery Act spending was obligated and 88 percent of the tax relief was being provided directly to Americans, meeting the Administration's goal of disbursing 70 percent of the Act's funds by the end of that year. Twenty-two months after enactment, it is clear that by moving swiftly and in a significant way, the Recovery Act had a stimulative effect on the economy.

Following implementation of the Recovery Act, the trajectory of the economy changed dramatically. The White House Council of Economic Advisers (CEA) estimates that the Recovery Act raised the level of GDP as of the third quarter of 2010, relative to what it would have been absent intervention, by 2.7 percentage points. These estimates are very similar to those of a wide range of outside analysts, including the Congressional Budget Office (CBO). CEA also estimates that the Recovery Act raised employment relative to what it otherwise would have been by between 2.7 and 3.7 million jobs in the same time frame.

The President also took additional steps to augment the stimulative effect of the Recovery Act. In March 2010, for instance, he signed into

law the Hiring Incentives to Restore Employment (HIRE) Act that provided subsidies for firms that hired workers who were unemployed for at least two months; helped businesses invest in their future by permitting them to write off investments in equipment; encouraged job creation by expanding investments in schools and clean energy projects; and maintained investments in roads and bridges. In August, the President signed into law $10 billion in additional aid to States to prevent the dismissal of 160,000 of teachers, police officers, and firefighters nationwide. In September, the President signed the Small Business Jobs Act, which provided small businesses with tax relief and better access to credit. Specifically, the Act boosted Small Business Administration loan sizes and guarantees, created a new Small Business Lending Fund of up to $30 billion to support community and smaller banks that lend to small businesses, and started a State Small Business Credit Initiative to spur $15 billion in lending through grants to innovative State and local programs. In addition, the Act contained eight small business tax cuts, including the elimination of capital gains taxes on key small business investments and tax incentives to encourage businesses, large and small, to invest in new plants and equipment. Finally, at the end of 2010, the President signed into law a bipartisan agreement on taxes that prevented a tax increase for middle-class families, extended unemployment insurance benefits for millions of Americans hardest hit by the recession, provided powerful incentives for business investment and job creation, and temporarily reduced the payroll tax which also would help spur macroeconomic demand.

Reviving the Financial System and Critical Sectors of the Economy

In addition to rejuvenating demand, the Administration also had to take extraordinary steps to help revive the credit and capital markets and restore trust in the financial system. As the President took office, the future of major financial institutions was in doubt and vital aspects of the financial system were deeply impaired—preventing the flow of credit that small firms need to grow and families need to purchase a home or car, send a child to college, or start a business.

The Administration moved quickly with a comprehensive, forceful, and sustained effort to stabilize the financial system, assist in the clean-up of legacy assets, jumpstart the provision of new credit to households and businesses, and support distressed housing markets. Accordingly, the Administration's efforts—especially the Supervisory Capital Assessment Program or "stress tests" conducted of 19 major financial institutions—helped to shore up confidence in our financial institutions and markets. The tests provided a more transparent look into banks' financial positions, reassuring investors. Subsequently, the banks have been able to raise in excess of $150 billion in high-quality, private capital, providing further evidence that the credit crisis has abated. As these actions were taken, the LIBOR spread narrowed sharply, and other measures of credit risk also declined. During 2009, the spreads between Treasury yields and other interest rates generally regained pre-crisis levels, and they held these levels through 2010.

Troubled Asset Relief Program

A central part of the response to the financial crisis was the implementation of the Troubled Asset Relief Program (TARP), which was established in the fall of 2008 under the Emergency Economic Stabilization Act of 2008. Since the Administration took office, the projected cost of TARP has decreased dramatically and programs are being successfully wound down. On October 3, 2010, authority to make new investments under TARP expired. Today, the Federal Government maintains TARP programs only where it has existing contracts and commitments, including programs for struggling homeowners and small businesses.

In terms of direct financial cost, TARP is now projected to be a fraction of its original projected cost. When it started, independent observers, such as CBO, estimated that TARP would cost $350

billion or more. Because of the success of the program, the Administration now estimates the cost of the program to be only $48 billion, and CBO estimates the figure to be even lower. As of October 3, 2010, the Treasury had received $234 billion in TARP repayments, and taxpayers earned $35 billion in interest, fees, and warrants. Ultimately, the costliest component of TARP for taxpayers will be the mortgage assistance programs put into place to mitigate the foreclosure crisis across the Nation, while the other TARP components will likely earn a positive return for taxpayers. As a result, the cost of the Government's broader response efforts is remarkably low when compared to past systemic crises. For instance, an International Monetary Fund study found that the average net fiscal cost of resolving roughly 40 banking crises since 1970 was 13 percent of GDP, and the Government Accountability Office estimates that the cost of the early 1990s U.S. Savings and Loan Crisis was 2.4 percent of GDP. In contrast, the direct fiscal cost of all our interventions—including the actions of the Federal Reserve, the Federal Deposit Insurance Corporation, and our efforts to support the Government Sponsored Enterprises—is likely to be less than 1 percent of GDP net of recoveries.

The Automobile Industry

As a result of the President's aggressive and effective intervention, we are seeing a notable turnaround in the automobile industry at a lower cost than originally thought. The freezing of the credit markets in the fall of 2008 made it difficult for households to finance the purchase of motor vehicles. That, in addition to the broader economic downturn and major structural problems in some American auto companies, put General Motors (GM) and Chrysler at the brink of liquidation, which would have inflicted immediate and lasting damage to the country's manufacturing and industrial base. It also would have produced a significant rise in both regional and national unemployment, and would have further damaged the financial system since automobile financing is a significant portion of overall financial activity. Moreover, if these companies went out of business, the economy would have been forced deeper into recession and might have fallen into a depression. The President made the difficult decision to extend assistance to GM and Chrysler in exchange for significant restructurings and billions of dollars of equity in the companies.

The success of this policy has been dramatic. Both companies restructured and emerged from bankruptcy, and since then, the industry has created more than 88,500 new jobs, and American automakers are in the midst of their strongest period of job growth in more than a decade. For the first time in six years, Ford, GM, and Chrysler are all operating at a profit. American workers are back at the assembly line manufacturing the high-quality, fuel-efficient, American-made cars of tomorrow, capable of competing with manufacturers from around the world. For taxpayers this means that the assistance extended to these companies is paying off. In December 2010, GM completed the repurchase of all GM preferred stock issued under TARP, repaying taxpayers $2.1 billion. Coming on the heels of a successful initial public offering that netted $13.5 billion for taxpayers, this preferred share repurchase brings the total amount of funds that taxpayers have received in return for their $49.5 billion investment in GM to more than $23 billion so far. The Administration is on track to recoup much more on our investments in these companies than we initially estimated.

The Housing Market

Finally, the Administration took steps to stabilize the housing market and help thousands of responsible homeowners who are facing foreclosure or are at risk of losing their homes. This began with the Homeowner Affordability and Stability Plan, a broad set of programs designed to stabilize the housing market and keep millions of Americans in their homes. The initiative included Treasury's mortgage-backed securities purchase program, which along with mortgage-backed securities purchases by the Federal Reserve, has helped to keep mortgage interest rates at historic lows and allowed over seven million homeowners

to refinance since April 2009; the homebuyer tax credit, which helped millions of Americans to purchase homes, bolstering macroeconomic demand; and the Home Affordable Modification Program (HAMP) which provides eligible homeowners the opportunity to significantly reduce their monthly mortgage payments, remain in their homes, and avoid foreclosures.

Although HAMP has been held back by implementation challenges and poor performance on the part of mortgage servicers, it has provided 1.4 million homeowners a trial mortgage modification and more than half a million homeowners a permanent modification that has allowed them to stay in their homes. In total, since the Administration's housing programs took effect in 2009, public and private mortgage modification offers have been more than twice the number of foreclosure sales. The Administration has worked to refine and adapt the program as necessary—including increased servicer oversight and publicly reporting servicer-specific performance, which has improved rates of borrower participation. Along with improvements to HAMP, the Administration is implementing a range of additional programs to help homeowners. These include: the Federal Housing Administration's (FHA) loss mitigation program to minimize foreclosures, which has helped more than half a million homeowners since the start of the mortgage crisis; an initiative to move underwater borrowers into FHA guaranteed loans when lenders write off principal at least 10 percent; Treasury's second lien program, which provides a simultaneous modification of the second lien when a first lien is modified; a foreclosure alternatives program for borrowers who do not qualify for a modification; and a forbearance program for unemployed borrowers. Treasury has also allocated $7.6 billion to housing finance agencies in 18 States and the District of Columbia to devise innovative local solutions for borrowers facing unemployment and negative equity in their homes.

Furthermore, the Administration has outlined a framework and set of options to guide the debate about our Nation's future housing finance system. The guidelines emphasize private sector capital and innovation; stress affordable, responsible, and secure homeownership opportunities for Americans of all backgrounds; and discourage unhealthy risk-taking by lenders and borrowers, murky and inconsistent regulatory standards, or the expectation of a taxpayer bailout.

Supporting and Protecting Middle-Class Families

The promise of America is that with hard work, Americans can provide a solid, middle-class life for their family: find a good job, afford a home, send their children to world-class schools, receive high-quality and affordable health care, and enjoy a secure retirement in their later years. Americans' drive and ingenuity lie at the heart of this promise and a growing economy makes it possible to realize these aspirations. Also critical are rules of the road laid down to make our markets and free society work and the basic protections offered to Americans that enable them to thrive, ensuring clean air and water, fairness in the workplace, products that are safe and are represented honestly, and Social Security and Medicare to provide for citizens in life's later years. To this list of protections, the Administration has added two more: protecting patients from the worst practices of insurance companies, and consumers from poorly-constructed, opaque, and risky financial products.

Health Insurance Reform

The President signed into law the Affordable Care Act (ACA) on March 23, 2010, enacting comprehensive health insurance reforms that will hold insurance companies more accountable, lower health care costs, guarantee more health care choices, and enhance the quality of health care for all Americans. The ACA empowers Americans who are insured with information about the cost and quality of care and gives them the stability and security they need by ending many discriminatory and abusive insurance industry practices; expands coverage to more than 30 million

Americans who lack insurance; cuts waste and reforms health care so that higher-quality care is delivered; and does it all without adding a dime to the deficit. In fact, according to CBO's latest analysis, the ACA will cut more than $200 billion from the deficit over the next 10 years and more than $1 trillion over the second 10 years. Considering that rising health care costs are driving up our national debt and thus are a drag on future economic growth and the Nation's overall competitiveness, the ACA puts in place much-needed deficit reduction.

Americans already are enjoying many of the protections put in place by the ACA. For instance, in the past, if a person became ill, insurance companies could deny payments for health services by retroactively finding an error or other technical mistake on their previously accepted application; this is now illegal. Insurance companies are now prohibited from imposing lifetime dollar limits on essential benefits, such as hospital stays. And because of the ACA, insurance companies can no longer deny coverage to children under the age of 19 due to a pre-existing condition. Finally, if a consumer does have a problem with an insurance company's coverage decisions, the ACA ensures consumers have a way to appeal coverage determinations or claims to their insurance company, and establishes an external review process.

Beyond curbing the most egregious practices of the insurance industry, Americans have realized other benefits. Since ACA's passage, as many as 4 million small businesses could be eligible for tax credits to help them provide insurance benefits to their workers. The first phase of this provision provides a credit worth up to 35 percent of most employers' contributions to employees' health insurance. This provision also provides up to a 25 percent credit to small nonprofit organizations. For 2010, an estimated 4 million seniors who reached the gap in Medicare prescription drug coverage known as the "doughnut hole" qualified to receive a $250 rebate. For those individuals who have been uninsured for at least six months because of a pre-existing condition, there is now a Pre-Existing Condition Insurance Plan to provide them with coverage options. This program serves as a bridge to 2014, when all discrimination against pre-existing conditions will be prohibited. And all new private-market health insurance plans now must cover critical preventive care services such as mammograms and colonoscopies without charging a deductible, co-pay, or coinsurance.

Just last month, two important additions to coverage from the ACA for seniors went into effect. First, seniors now will receive a 50 percent discount when buying Medicare Part D covered brand-name prescription drugs in the coverage gap, a step on the way to closing the coverage gap by the end of the decade. Second, under the ACA, Medicare beneficiaries are eligible for certain free preventive services, such as annual wellness visits and personalized prevention plans.

The Administration is committed to implementing the ACA swiftly, efficiently, and effectively, and will work with the Congress to ensure that the resources are available to do just that.

Wall Street Reform

Curbing the abuses in the health insurance industry and beginning to bring down rising health care costs were long overdue steps toward addressing critical problems. The financial and economic crisis of the past two years also made it clear that the rules governing our capital markets needed revision to provide a more stable foundation for the economy and to protect consumers from predatory practices. The recession was not just the result of a turn in the business cycle. Rather, the fundamental cause of the steepness of the decline was the meltdown in our credit and capital markets precipitated by a perfect storm of excessive risk-taking, inadequate disclosure, non-existent or myopic oversight, market gatekeepers compromised by conflicts of interest, and irresponsible lending to hundreds of thousands of Americans who were not given adequate or clear information to assess their level of risk.

Seeking to prevent this from happening again in the future, the Administration set out to craft

a financial reform package that filled the gaps in oversight, transparency, and restraint; put a check on predatory and abusive lending; and restored a sense of accountability to the system—especially for those who had operated outside the regulatory framework. The Administration's goal was to establish a careful balance between incentives for innovation and global competition on the one hand, and protections from abuse, predation, and excessive risk-taking on the other.

On July 21, 2010, the President signed into law the historic Dodd-Frank Wall Street Reform and Consumer Protection Act. This law ended the unregulated, opaque, and unrestrained risk-taking that culminated in the economic crisis we are recovering from today. It empowers consumers and investors, brings the shadowy deals that caused the economic and financial crisis into the light of day, and puts a stop to taxpayer bailouts. Specifically, the law cracks down on abusive practices in the mortgage industry, making financial contracts simpler, and ending many of the hidden fees so that families know what they are signing when they buy a home. It ensures that students who take out college loans will be provided clear and concise information about their obligations. It reinforces the Credit Card Accountability, Responsibility, and Disclosure Act passed in 2009 that bans unfair rate hikes, and ensures that banks cannot charge unwitting consumers overdraft fees when they sign up for a checking account. And with this law, ordinary investors will be able to receive more information about the costs and risks of mutual funds and other investment products, so that they can make better financial decisions for their future.

Notably, the Dodd-Frank Act created the Consumer Financial Protection Bureau (CFPB), an agency exclusively devoted to protecting consumers, in part by giving them the tools to make their own choices and find the most suitable financial products, even when a provider may have incentives to hide true costs. The CFPB is empowered to set high and uniform standards across the market; focus on improving financial literacy for all Americans; and help to end profits based on misleading sales pitches and hidden traps, forcing banks and non-bank financial institutions to compete vigorously for consumers on the basis of price and quality. All told, this reform puts in place the strongest consumer financial protections in history.

The financial industry is central to our Nation's ability to grow, prosper, compete, and innovate. This reform is designed to make sure that every market actor follows the same rules and operates on the same level playing field. And, it demands accountability from them all, providing greater certainty in return. It provides consumers with the information they need to make good choices. In setting out to accomplish all of this, the Act will help foster innovation, not hamper it, and it will keep our capital markets the strongest and most competitive in the world.

Accelerating the Recovery and Jumpstarting Economic Growth

By almost any measure, the economy is stronger now than it was as the Administration took office two years ago. We are no longer at the brink of a second Great Depression. However, the country is still emerging from a historic recession that has inflicted great damage on our economy, our industries, and millions of families. Too many Americans are still out of work, and our economy is not yet operating at its full potential. According to many outside observers, there is no guarantee that an external shock will not knock the economy back into a recession. That is why, building on the progress we have made, the Administration is undertaking a series of steps to accelerate job creation and economic growth in the short term.

Provide Tax Relief and Incentives for Job Creation. As 2010 ended, middle-class families faced the prospects of taxes increasing on them just as they were beginning to get back on their feet, and unemployment benefits would have run out for those still looking for work. At the same time, businesses were not yet deploying their

record-high cash reserves to expand operations and hire more workers. And with the economy still not generating enough growth, a potential tax increase at this time presented a real risk of a return to recession. To continue the progress we have made in stopping the recession and to create incentives for continued economic growth and job creation, the President brought together both sides in Washington to work out a compromise plan on a range of expiring tax provisions and other policies. After a hard-fought campaign season, many thought that a deal would be impossible. Yet, on December 17, the President signed into law the bipartisan Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. This bill, which garnered bipartisan support in both the House and the Senate, will:

- *Prevent a Middle-Class Tax Increase.* Failure to act on the expiring 2001 and 2003 tax cuts would have increased taxes for a typical working family by $2,000 at the start of 2011. By extending the middle-class tax rates for two years, families making less than $250,000 a year did not see their taxes go up and the economy, as a whole, will benefit from that and continue to grow.

- *Cut Payroll Taxes for 159 Million Workers.* The legislation includes an employee-side payroll tax cut for 159 million workers—providing tax relief of about $110 billion this next year. This tax cut will amount to about $1,000 for the typical family, boosting macroeconomic demand and giving steam to the economic recovery.

- *Provide Critical Tax Credits for Families.* The bill continues three tax credits that have helped families make ends meet and provide new opportunities for their children. Specifically, the legislation extends the child tax credit at $1,000 (it would have reverted to $500) and the expanded refundability established in the Recovery Act. The expanded refundability of this credit continues a tax cut that goes to 11.8 million working families with 21.3 million children. Also extended is the expanded Earned Income Tax Credit, which is worth up to $600 for families with three or more children, and reduces the "marriage penalty" faced by some working married families. Finally, to help students afford the cost of college, the new American Opportunity Tax Credit—a partially refundable tax credit worth up to $2,500 per student per year that helps more than 8 million students and their families afford the cost of college—would be continued under the agreement.

- *Extend Unemployment Benefits.* The legislation extends emergency unemployment benefits at their current level for 13 months, preventing an estimated 7 million workers from losing their benefits over the next year as they search for jobs.

- *Spur Business Investment with 100 Percent Expensing.* Many businesses now have large amounts of capital in reserve, but have yet to invest it. The agreement includes the President's proposal to temporarily allow businesses to expense 100 percent of certain investments in 2011, helping 2 million companies and potentially generating more than $50 billion in additional investment in 2011, which will fuel job creation. This would be the largest temporary investment incentive in American history.

- *Extend the Research and Experimentation Tax Credit.* The Research and Experimentation tax credit is usually subject to yearly renewal, thus creating uncertainty for businesses. This law will extend this important incentive for innovation and investment for two years, and this Budget proposes to make the credit permanent.

- *Continue Renewable Energy Grants.* The legislation extends the 1603 program, which provides payments in lieu of renewable energy tax credits, and is helping to support tens of thousands of jobs in renewable energy industries such as wind, solar, and geothermal.

Outside analysts have concluded that the legislation as a whole could generate 1.5 million or more jobs compared to what they had previously expected. All together, the legislation should have a significant and swift impact on our economic recovery.

Open Markets Abroad and Boost Exports. The emergence of a global marketplace that includes the growing economies of China, India, and other developing countries creates an opportunity for America to export our goods and services to new customers. With 95 percent of the world's customers as well as the globe's fastest-growing markets beyond our borders, we must compete aggressively to spur economic growth and job creation. The link between exports and jobs is clear: every $1 billion that we increase in exports supports more than 5,000 jobs. That is why the President launched his National Export Initiative (NEI) to marshal the full resources of the Federal Government behind America's businesses, large and small, to best help them sell their goods, services, and ideas to the rest of the world and to reach the President's goal of doubling U.S. exports in five years' time. Recently, the President has taken definitive steps with two of our allies that stand to boost exports and American commerce abroad in the short term:

- *U.S.-Korea Free Trade Agreement.* To continue progress toward the NEI's goal, the President reached a new trade agreement with South Korea, the world's twelfth-largest economy. This both opened up this important market, and also prevented any effort to close access to this market or other countries acquiring preferential treatment at our cost. The U.S. International Trade Commission has estimated that the tariff cuts alone in the U.S.-Korea trade agreement will increase exports of American goods to Korea by as much as $11 billion annually. The U.S.-Korea trade agreement also will open Korea's $560 billion services market to highly competitive American companies—supporting jobs for American workers in sectors ranging from delivery and telecommunications services to education and health care services. All told, this agreement will support more than 70,000 American jobs. Moreover, the agreement sets high standards for protection of workers' rights in trade agreements—including obligations for Korea to respect fundamental labor rights, not to weaken the laws that reflect those rights in any way, and to effectively enforce labor laws designed to ensure a level playing field on which American workers can compete.

- *Billions of Dollars in Trade Transactions Announced on Visit to India.* India is one of the most important and promising emerging markets in the world, and represents a tremendous opportunity for U.S. firms to expand their output of goods and services. On the margins of the President's trip to India in November, trade transactions were announced or showcased exceeding $14.9 billion in total value with $9.5 billion in U.S. export content and that would support an estimated 53,670 American jobs. These cross-border collaborations, both public and private, underpin the expanding U.S.-India strategic partnership, contributing to economic growth and development in both countries. Notable examples include: the sale of commercial and military aircraft, gas and steam turbines, and precision measurement instrumentation.

- *Agreements that Will Support 235,000 American Jobs Announced on Chinese State Visit to Washington.* The United States exports $100 billion of goods and services to China annually, making China our third-largest trading partner after Canada and Mexico. In conjunction with the Chinese President's state visit to Washington in January, President Obama announced deals worth over $45 billion in increased U.S. exports that will support an estimated 235,000 American jobs. These agreements, both public and private, involving large, medium-sized, and small enterprises, underpin the expanding U.S.-China commercial relationship, contributing to economic growth and development in both countries. A number of these transactions

highlight the increased collaboration in such areas as clean energy and green technologies. Notable examples include: the sale of efficient gas turbine generator sets, hybrid buses, and denitrification engineering equipment and other potential environmental and boiler efficiency products.

Invest in Infrastructure. The Recovery Act included approximately $100 billion in investments to rebuild our Nation's existing infrastructure and invest in the infrastructure needed to compete in the 21st Century economy. It funded more than 12,000 transportation projects—ranging from highway construction to airport improvement projects—and invested nearly $7 billion in broadband expansion and $8 billion to lay the foundation for a high-speed rail network. These projects have created—and are continuing to create—thousands of new jobs. Yet there is still more that can be done, both to begin to give the United States an infrastructure to compete with the world's leading and growing economies and to give a boost to the economy. That is why the President has proposed, as part of his vision for reauthorizing a new surface transportation bill, an up-front investment of $50 billion that would help jump-start additional job creation, while also laying the foundation for future growth. This initial investment would fund improvements in the Nation's surface transportation, as well as our airports and air traffic control system. The President proposes to pair this with a historic, long-term plan to reform and expand our Nation's investment in transportation infrastructure—a plan that will increase growth and competitiveness going into the future. The President is also proposing major new investments in wireless broadband infrastructure that will benefit all Americans through increased public safety capabilities and expanded coverage, especially in under-served rural communities.

Pursue Commonsense Regulation. This Administration is firmly committed to a regulatory strategy that supports continued economic growth and job creation, while protecting the safety, health and rights of all Americans. Smart, cost-effective regulations, crafted with input from stakeholders inside and outside of Government, can save lives and prevent harm, without stifling growth and innovation. It is particularly critical now, as the economy continues to recover and create new jobs, that the Nation's regulatory strategy be as evidence-based, predictable and carefully targeted as possible to enable American businesses to continue to grow and innovate. This Administration weighs the costs and benefits of rules—not by reducing difficult questions to problems of arithmetic, but by taking into account quantitative and qualitative factors, including fairness, human dignity, and the interests of future generations. The Administration uses data to assess the impact of the regulatory implementation actions we are taking, and to devise better ways to manage the programs. Moreover, the Admnistration looks for areas where it can promote transparency and disclosure as a low-cost, high-impact regulatory tool. From automobile safety to energy efficiency and credit cards, this approach has been fruitful. In fact, in the Administration's first year, the net benefits of regulation are estimated to be $3.1 billion—as opposed to -$400 million for the Clinton Administration's first year, and -$300 million for the first year of the George W. Bush Administration. To keep the Nation competitive, it is critical not to relent in efforts to protect the public with cost-justified regulations while at the same time removing excessive regulatory burdens. That is why the President issued a new Executive Order calling for careful attention to the best available evidence, consideration of costs and benefits, more coordination among agencies, selection of flexible and least burdensome alternatives, and plans to repeal or modify rules that are no longer necessary.