

DEMOCRATS REACH OUT TO STRENGTHEN THE ECONOMY, AND HELP STRUGGLING FAMILIES

Democrats are ready to work with President Bush and Congressional Republicans to craft a responsible, bipartisan economic stimulus package to address the economic slowdown and to relieve some of the burden on hard-working families. In order to ensure quick action, both parties must work together on an effective solution.

Bipartisan support for a stimulus that is timely, temporary, and targeted:

Treasury Secretary Henry Paulson: “Treasury Secretary Henry Paulson said last week that the U.S. economy slowed ‘rather materially’ at the end of last year, and any stimulus package should be put into effect swiftly. ‘We are looking at things that could be done quickly,’ Paulson said yesterday. ‘Time is of the essence.’” [Bloomberg 1/15/08]

Former Treasury Secretary Lawrence Summers: “If stimulus were not credibly temporary, it would likely raise long term interest rates and increase capital costs offsetting its positive impact.....Stimulus should be designed so that its proximate impact on consumer or government spending is all felt within a year of enactment and in any event by the end of the first quarter of 2009.” [Testimony to the Joint Economic Committee, 1/16/08]

Congressional Budget Office: “If additional fiscal stimulus is deemed necessary, it would be desirable to make sure that the actions take effect when stimulus is most likely needed and are designed to increase economic activity as much as possible for a given budgetary cost.” [CBO Report, 1/15/08]

Martin Feldstein, Former Reagan Economic Advisor: “It's very important, that we separate this, we focus on it as a way of stimulating GDP at a time when we're worried about recession, and we don't think about it in terms of tax reform, we don't link it to other things... It ought to focus on what happens in the current year.” [Remarks at the Brookings Institution, 1/10/08]

Poor economic conditions add to insecurity, uncertainty:

- The unemployment rate hit 5.0% in December – a two-year high
- Home sales fell to their lowest point in 12 years
- Foreclosures hit a record high in 2007
- The number of Americans without health insurance has increased to 47 million
- Energy prices rose 18.4% in 2007
- Gas prices rose 10 cents in the last three weeks
- Crude oil prices have topped \$100 a barrel
- Heating oil costs for this winter are estimated at \$2,000 per family
- Consumer confidence fell last month to its lowest level in more than a decade, with the exception of one month following Hurricane Katrina

The American people are increasingly concerned about the economy:

“Over the past four months, the percentage of Americans calling the economy and jobs their most important voting issue has nearly tripled, catapulting the issue past the war in Iraq as the top voter concern in the presidential election.” [Washington Post, 1/15/08]

- 56% of Americans think the economy is doing badly. [LA Times/Bloomberg Poll, 1/11/08]
- 72% of Americans think it is likely that the nation could face an economic recession sometime in the next year. [LA Times/Bloomberg Poll, 1/11/08]

Prepared by the Office of Majority Leader Steny Hoyer, 1/16/08