



PRESIDENT
GEORGE W. BUSH



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President's Radio Address

[In Focus: Economy](#)

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THE PRESIDENT: Good morning. On Friday, I traveled to New York City to talk about the state of our economy. This is a topic that has been a source of concern for families across America. In the long run, we can be confident that our economy will continue to grow, but in the short run, it is clear that growth has slowed.

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Fortunately, we recognized this slowdown early, and took action to give our economy a shot in the arm. My Administration worked with Congress to pass a bipartisan economic growth package that includes tax relief for families and incentives for business investment. I signed this package into law last month – and its provisions are just starting to kick in. My economic team, along with many outside experts, expects this stimulus package to have a positive effect on our economy in the second quarter. And they expect it to have even a stronger effect in the third quarter, when the full effects of the \$152 billion in tax cuts are felt.

A root cause of the economic slowdown has been the downturn in the housing market. I believe the government can take sensible, focused action to help responsible homeowners weather this rough patch. But we must do so with clear purpose and great care, because government actions often have far-reaching and unintended consequences. If we were to pursue some of the sweeping government solutions that we hear about in Washington, we would make a complicated problem even worse – and end up hurting far more homeowners than we help.

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For example, one proposal would give bankruptcy courts the authority to reduce mortgage debts by judicial decree. This would make it harder to afford a home in the future, because banks would charge higher interest rates to cover this risk.

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Some in Washington say the government should take action to artificially prop up home prices. It's important to understand that this would hurt millions of Americans. For example, many young couples trying to buy their first home have been priced out of the market because of inflated prices. The market now is in the process of correcting itself, and delaying that correction would only prolong the problem.

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My Administration opposes these proposals. Instead, we are focused on helping a targeted group of homeowners – those who have made responsible buying decisions and could avoid foreclosure with a little help. We've taken three key steps to help these homeowners.

First, we launched a new program that gives the Federal Housing Administration greater flexibility to offer refinancing for struggling homeowners with otherwise good credit histories. Second, we helped bring together the Hope Now

Alliance, which is streamlining the process for refinancing and modifying many mortgages. Third, the Federal Government is taking regulatory steps to make the housing market more transparent and fair in the long run.

And now Congress must build on these efforts. Members need to pass legislation to reform Fannie Mae and Freddie Mac, modernize the Federal Housing Administration, and allow state housing agencies to issue tax-free bonds to help homeowners refinance their mortgages.

Congress also needs to take other steps to help our economy through this period of uncertainty. Members need to make the tax relief we passed permanent, reduce wasteful spending, and open new markets for American goods, services, and investment.

By taking these steps and avoiding bad policy decisions, we will see our economy strengthen as the year progresses. As we take decisive action, we will keep this in mind: When you are steering a car in a rough patch, one of the worst things you can do is overcorrect. That often results in losing control and can end up with the car in a ditch. Steering through a rough patch requires a steady hand on the wheel and your eyes up on the horizon. And that's exactly what we're going to do.

Thank you for listening.

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