

U.S. DEPARTMENT OF THE TREASURY

Press Center



Statement by Secretary Henry M. Paulson, Jr. on Short-Term Growth Package at White House Press Briefing

1/18/2008

Washington, DC--Before the President left for the Middle East, he told the nation he recognized the growing concerns about the economy and he asked his economic team to assess the need for a growth package. I talked with knowledgeable people in all parts of the economy, and reviewed the data with the economic team, and we regularly reported our thinking to the President while he was traveling. When he returned, he made the decision that we need to act quickly to support the economy in the short term.

The long-term fundamentals of the economy are strong, and I believe our economy will continue to grow. At the same time, the U.S. economy is experiencing a significant housing correction. This correction was inevitable after years of unsustainable home price appreciation, and it is exacting a penalty to our economic growth. We are taking steps to minimize the impact on homeowners and the real economy, and we will continue to work with Congress to do more on housing.

The housing correction, capital market turmoil, and high oil prices together have caused our economy to slow materially in recent weeks. While I am confident in our long-term economic strength, the short term risks are clearly to the downside, and the potential cost of not acting has become too high. We must act now to support our economy this year.

The President laid out today clear principles that should guide the creation of an effective growth package. We are focused on working with Congress to quickly reach consensus on a plan that gets cash to consumers and gives businesses incentives to invest, grow and hire. We know from experience that these policies work to stimulate growth in the short term. The package should be robust enough to make an impact this year, and should be temporary so that it doesn't impact our long-term fiscal position.

Over the last few weeks, I consulted with the leaders in Congress and a broad group of members in both parties to gather their views. I heard from them the same thing the President heard from them yesterday - our economy is slowing faster than expected, and that means we need to act quickly to put together a package that is temporary, simple enough to get enacted quickly, effective at boosting growth and job creation this year and large enough to make a difference.

I am confident that the principles the President outlined today are a solid foundation on which to build – they reflect the principles members of Congress have advocated publicly and have discussed with me privately in recent weeks. I look forward to engaging with Congressional leaders immediately to support our economy this year.

