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Congressman Adam Smith Economy Update

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Working to Create Jobs, Rebuild our Economy and Reduce the Federal Deficit

Protect Americans, Reform Financial Industry

To protect hard working Americans and our overall economy, we must ensure that the financial firms that engaged in the risky and unsafe practices that helped lead to last year's financial crisis are not permitted to return to business as usual. In December, when the House passed The Wall Street Reform and Consumer Protection Act, Congress took a significant step toward achieving this goal.

The legislation put forth a comprehensive set of reforms to modernize America's financial regulations and hold financial firms accountable. It sets tough new rules that will prevent financial institutions from becoming "too big to fail," and stops irresponsible behavior before it threatens the entire economy.

This legislation also creates a new agency to protect consumers and ensure they are not being targeted or taken advantage of by risky or unfair financial products and lending practices. For far too long, Americans have not been adequately protected against predatory lending abuses and industry gimmicks. Further, there has been little authority to ensure products across various financial sectors won't drive our economy into a crisis. These practices must come to an end.

Please Continue to Stay in Touch

While working in Washington, DC or Washington state, my primary focus is to stay in touch with you. Our nation faces a number of difficult challenges and your input is critical to making knowledgeable decisions on these issues.

Please stay in touch by:

- Calling my office at (253) 593-6600;
- Visiting my website and sending me an email;
- Following me on twitter at [twitter.com/Rep_Adam_Smith](#) and on YouTube [www.youtube.com/user/Congressmanadamsmith](#).

Additionally, in the months ahead I will be hosting a number of town hall meetings to hear your thoughts on a wide range of issues. For more details about upcoming town hall meetings check my website regularly or call my office.

I have tried to provide multiple sources for you to express your comments and concerns. Please use the form of communication that works best for you and be sure to let me know your thoughts and concerns. I want to hear from you.

At end of 2008 and into early 2009, our country was thrust into the worst economic crisis in generations. We have seen the largest job losses since the end of World War II and the worst housing market collapse since the Great Depression. Faced with that tremendous challenge, Congress has responded with a number of initiatives to prevent the economy from collapsing. Looking back, it is clear that we were able to avert a much more serious economic decline.

While the President and Congress have done much to address these problems over the past year, we must do more - much more. While some recent reports have shown that the economy may be on the mend, much more work still remains to be done to create good jobs and lower the unemployment rate. Our current level of unemployment is unacceptable and our job is not finished until millions of Americans are back at work.

The unemployment rate for Washington state stands at just over 9 percent and nationwide the unemployment rate is around 10 percent. This is unacceptable and we must continue to act in the interest of the American people to ensure that we rebuild the economy in a way that benefits all of us, not just Wall Street. If we are to help hardworking Americans get back to work, we must rely on and support the backbone of our economy: small businesses and the community banks that provide them capital.

In order to restore our economy and ensure long term, sustainable economic viability we must also reign in government spending and reduce the federal deficit. We have gone from a projected 10-year surplus of \$5.6 trillion in 2000 to a projected deficit of over \$11 trillion. Continued spending at this level threatens our nation's long term fiscal outlook and I am committed to making sure we get government spending under control. We must also reform our financial system and crack down on financial firms that engaged in the risky and unsafe practices that led to last year's financial crisis. Moving forward, we must make sure our financial system is working for the American people.

In the pages ahead you will read about some of the policies that Congress has worked on to get the economy back on track. Should you have any additional questions or concerns, please do not hesitate to contact me via e-mail at [adamsmith.house.gov](#) or in my office at (253) 593-6600. .





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Adam congratulates Exeltech Consulting, Inc. on its new expanded headquarters in Lacey. Exeltech recently received an SBA 504 loan, a federal program that provides businesses with long-term, fixed-rate financing.

Statutory Pay-As-You-Go Law

To rein in federal spending, help keep our deficit under control, and maintain and improve the strength of the U.S. economy, the House passed a statutory pay-as-you-go law. This law - known as "pay-as-you-go" or PAYGO - requires Congress to offset the costs of tax cuts or increases in mandatory spending with savings elsewhere in the budget. These requirements apply broadly, but exempt specific programs such as Medicare and national emergencies.

While a certain level of government spending

is necessary to repair our economy and provide vital services, it is also important that we simultaneously focus on our nation's long-term fiscal health. The PAYGO law moves the focus of Congress away from spending and toward savings, where it belongs.

Had we continued the fiscal policies of the 1990s - based on PAYGO principles - that led to our previous budget surpluses, Congress would be in a much stronger position to confront the economic challenges we face today.

Create Jobs by Supporting, Growing Small Businesses

Small businesses have created roughly 65 percent of all new jobs over the past decade and a half. In order to fully recover from the current recession and help get hard working Americans back to work we must cultivate and support small businesses. In February, the President outlined a plan to help do just that. The Small Business Lending Fund, which will transfer \$30 billion from the Troubled Asset Relief Program to a new program that will support small business lending, is designed to help small businesses access credit and provide incentives for them to hire more employees. The Small Business Lending Fund will target community and smaller banks that lend the most to small businesses, and offer incentives for banks to increase small business lending.

Protecting Americans from Credit Card Company Abuses

To protect consumers from unfair practices of the credit card industry, Congress worked to pass a bill that will enact common sense reform and provide increased consumer protections. The Credit Cardholders' Bill of Rights was passed with an overwhelming bipartisan majority and signed into law.

It will help end the predatory practices by credit card companies and protect consumers from the abusive tactics that have driven so many Americans deeper into debt.

This new law levels the playing field between card issuers and cardholders by applying regulations that ban most interest rate increases on existing balances and increases notice of new interest rate hikes going forward on future purchases. It requires that bills be sent 21 days before the due date, prohibits charging fees to pay a bill

by phone, mail or web, bans over-the-limit fees unless a consumer opts-in in advance, bans due-date tricks, requires payments to be applied fairly to the highest interested rate balance first, and strengthens credit care protections for young people.

All Americans have a role to play in rebuilding our economy and must take some personal responsibility in their own family budgets, but credit card companies have been actively targeting certain groups of people and changing the rules in the middle of the game and we must also hold them accountable. This bill will go far in helping all Americans get back on track.

Addressing the Housing Crisis, Helping Americans Keep their Homes

Stabilizing the housing market is central to stabilizing the American economy, and enabling access to the American dream. We all stand to lose if we do not stop the steep decline in home prices and foreclosures. Congress has taken a number of actions to protect current homeowners and stabilize the overall housing market.

One of the first actions Congress took to stabilize the market was to create The First Time Home Buyers tax credit in July 2008. Due to its success, the program has been expanded and extended twice. Early this year, the program was extended and expanded to a greater number of Americans by: extending the tax credit to April 30, 2010; expanding the program to "move-up" buyer and increasing the income limits for buyers.

The First Time Homebuyers tax credit addresses a key component of the financial crisis - the sluggish housing market - by assisting and encouraging regular Americans to buy or sell their homes. The tax credit will also help stimulate housing demand, stabilize home prices, and lower the rate of foreclosures.



Adam speaks to the Rotary Club of Tacoma about the local economy and other important issues facing the region.

**Congress has passed legislation and funded programs to
Create Jobs, Rebuild our Economy and Reduce the Federal Deficit.**