



UNITED STATES SENATOR ★ SERVING THE CITIZENS OF IDAHO

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NEWS RELEASE

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The Red Zone by Senator Larry Craig

The economy is down and the clock is ticking toward a possible recession. With Super Bowl fever in the air, let me go for the sports analogy and compare this to being down by 10 points in the fourth quarter of a football game. The team could go for a touchdown and put itself in a better position to erase the deficit, or it could simply kick field goals and hope they don't run out of time. Congress faces a similar choice. We can keep kicking field goals, or we can go for the touchdown with the right economic stimulus package.

The most popular proposal would put money directly back in the hands of Americans through tax rebates. I like the idea of empowering people by giving them their money back. Certainly, Americans know how to spend their money better than the federal government does. Still, tax rebates fall far short of the touchdown our economy needs.

Here's why: First, because so many products we buy are imported from other countries, the money could stimulate the economies of our economic competitors, China and India, as much as our own. Second, just like a field goal, rebates don't do enough to address the problem at hand when time is of the essence.

I believe we would be better served to "go for the touchdown" by attacking the biggest culprit that has led to our current economic situation -- the downturn in the housing market. Doing so would strengthen both the short and long term health of our economy.

The housing industry is a vital element of the economy, not only for Idaho, but for the nation. Literally thousands of products are used in home construction, from the lumber and nails used to build, to the insurance and financing companies that make ownership possible. Unfortunately, the sub-prime mortgage problems have only pushed the housing industry into a crisis. Last year, foreclosures jumped 75 percent nationwide and nearly twice that in Idaho.

The nation faced a similar economic crisis in the 1970's. Back then, like now, the real estate market was flooded with a surplus of homes for sale. Lawmakers stepped in and approved a direct tax credit for people to buy homes. It wasn't too long before the "For Sale" signs started to disappear. This solution worked then, and I believe it can work again.

I have joined several of my colleagues in the Senate this week to introduce a bill that will focus on our slumping housing market. This bill would provide a \$5,000 tax credit for three years to individuals who buy a qualifying home. I believe this proven alternative is the best way to stimulate our slowing economy, because it will provide help both in the short and long-term.

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A strong economy is essential to a growing Idaho. In the past I've worked to protect Idahoans and their businesses, and you can bet I will now, while the clock is ticking. So instead of kicking field goals, let's go for a touchdown and get our economy back on track.

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