

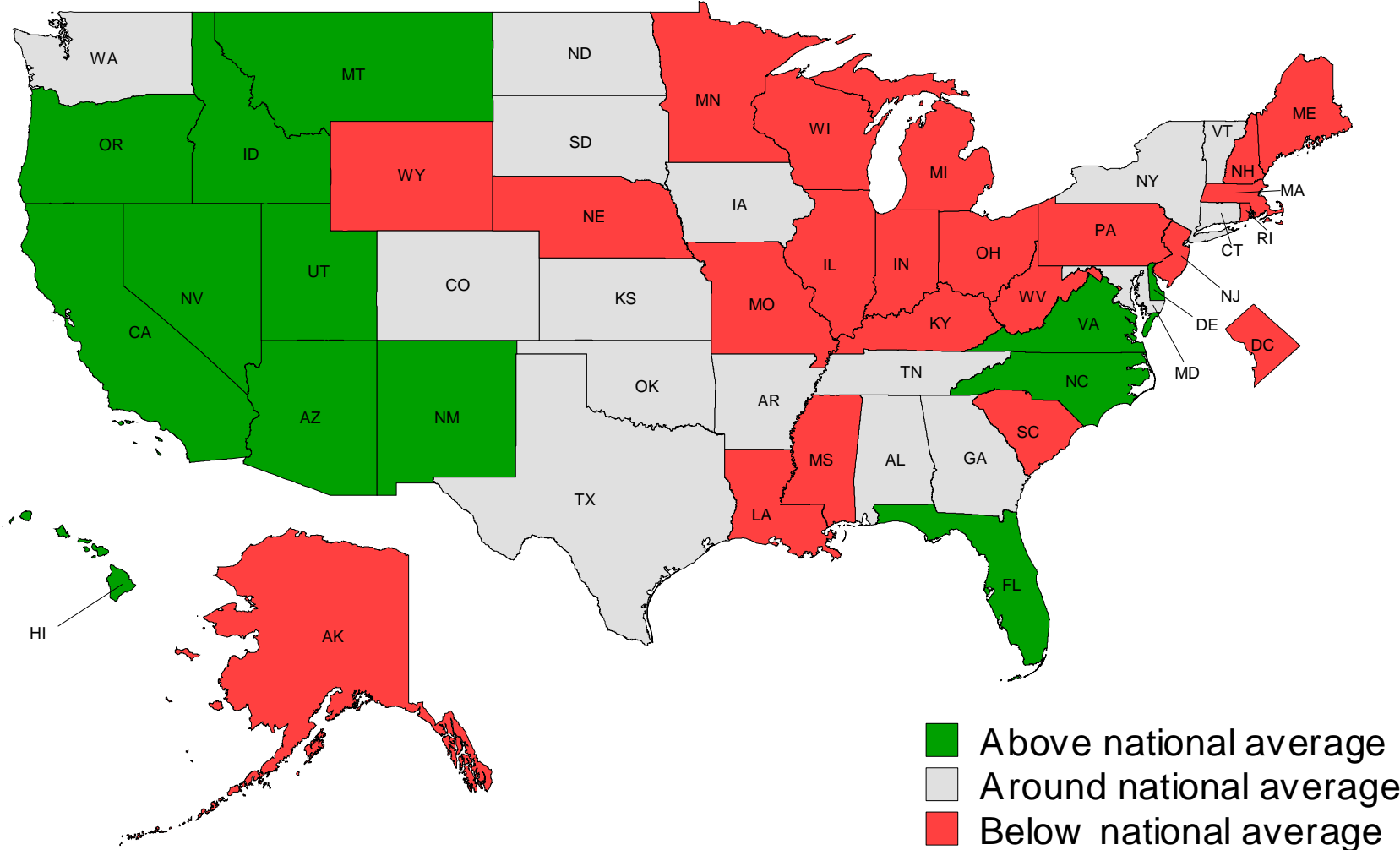
U.S. Regional Economies

NABE

Edward P. Lazear
Chairman
Council of Economic Advisers
Sept 10, 2007

U.S. Economy Varies by Region

Real GDP Growth, 2003-2006



Source: Bureau of Economic Analysis

Mountain West: OR, ID, NV, UT

Composition of State Output (% of GDP)

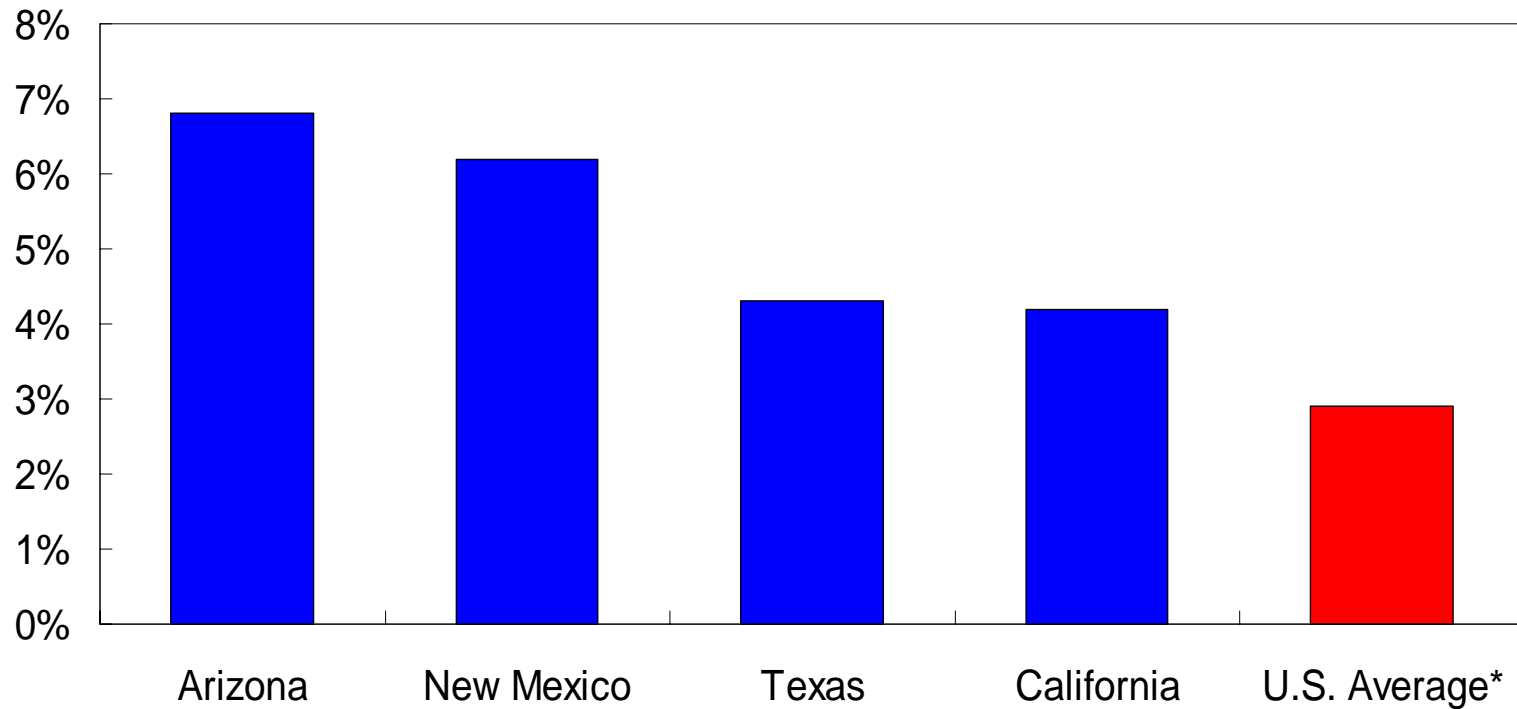
Industry	Mountain West	Old Industrial Belt
Computers & Electronics	4%	1%
Other Manufacturing	8%	19%
Services	66%	65%

Source: Bureau of Economic Analysis

Border Economies: AZ, NM, TX, CA

GDP Growth of Southwest Border States - 2006

Annual Growth (%)

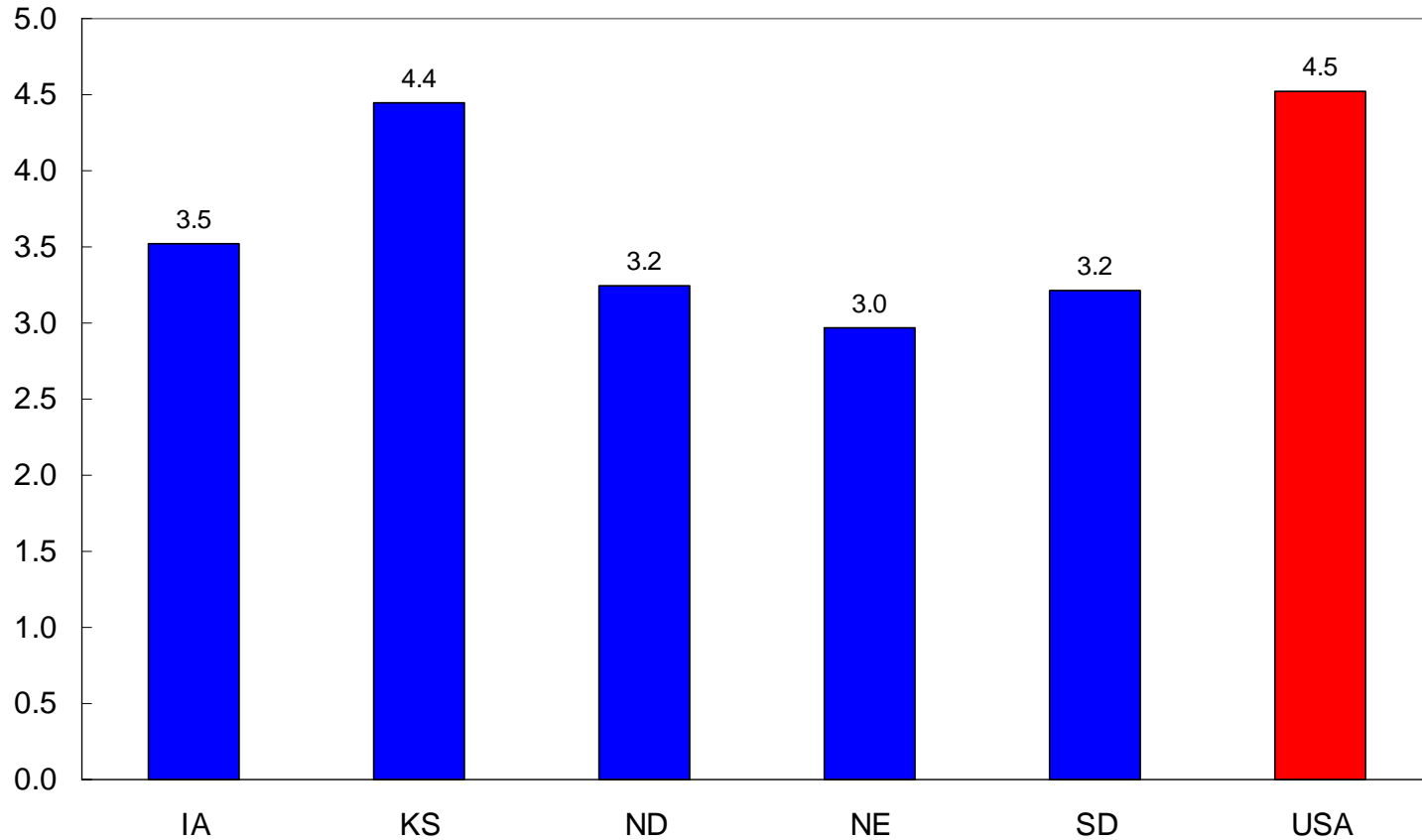


Source: Bureau of Economic Analysis. *Post July 2007 NIPA revision.

Agricultural Heartland: IA, KS, ND, NE, SD

"Heartland" Unemployment Rates At or Below National Averages

Percentage unemployed

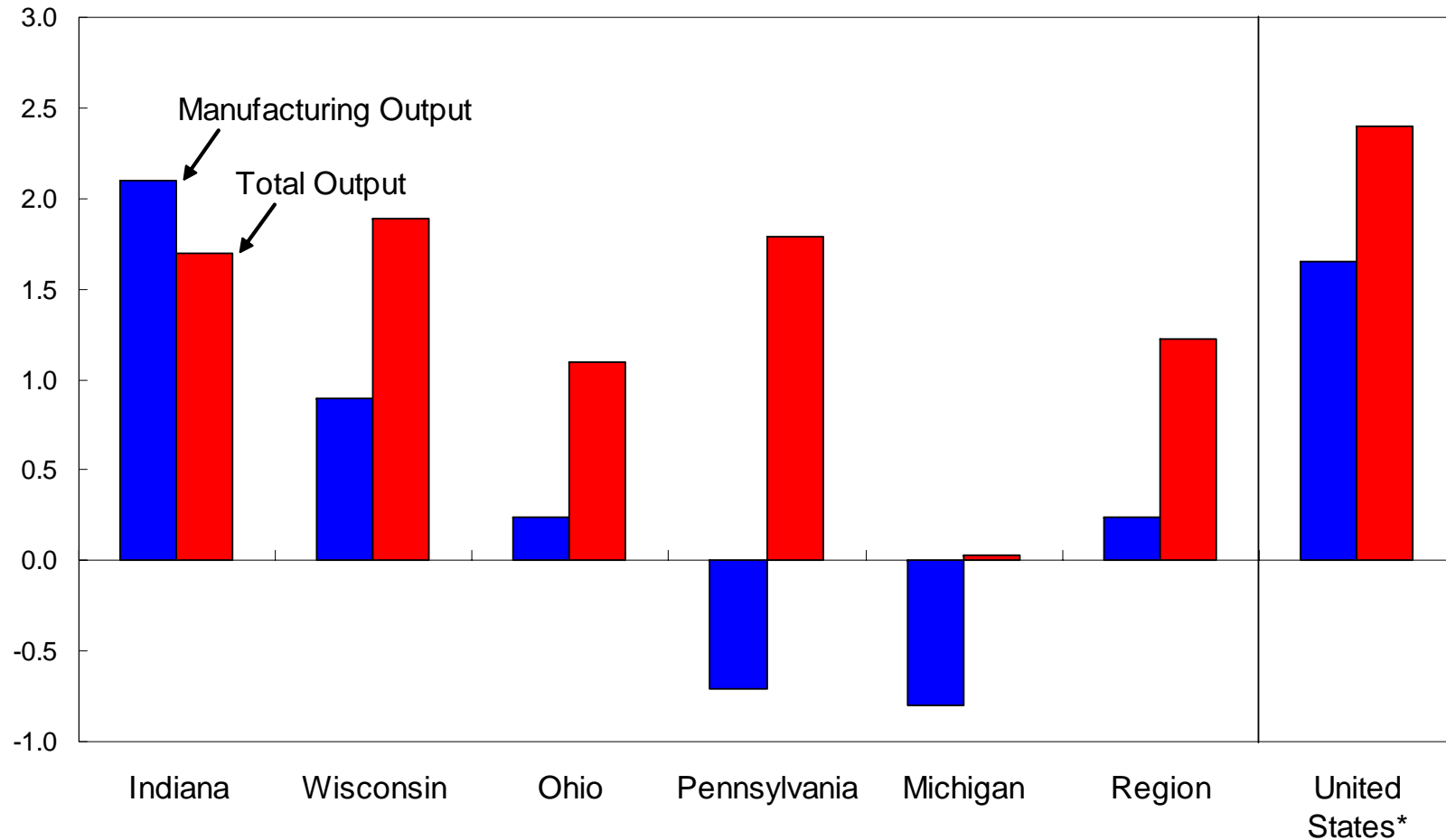


Source: Bureau of Labor Statistics, 12-month average ended July 2007.

Old Industrial Belt: IN, MI, OH, PA, WI

Growth Rate of Real Output (2000-2006)

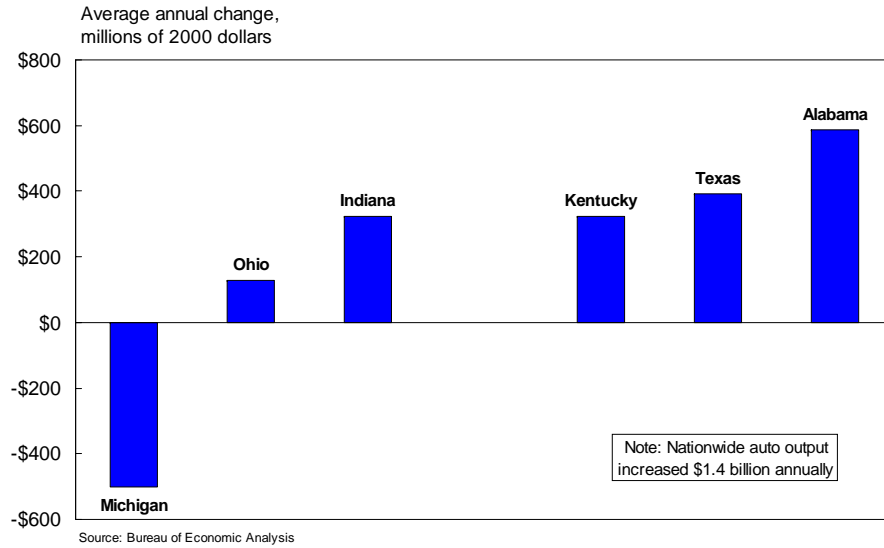
Annual growth (%)



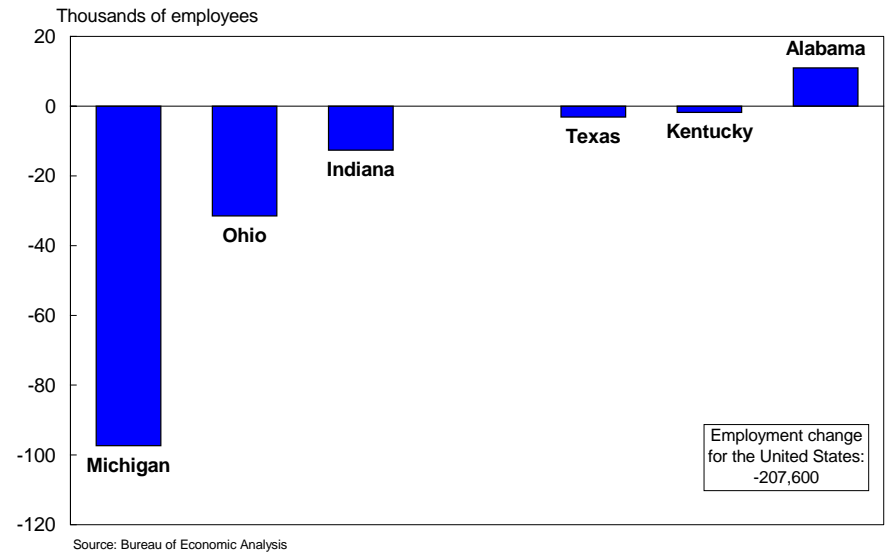
Source: Bureau of Economic Analysis. *Post July 2007 NIPA revision.

Domestic & Foreign Competition

Change in Motor Vehicle Output, Selected States (2000-2005)



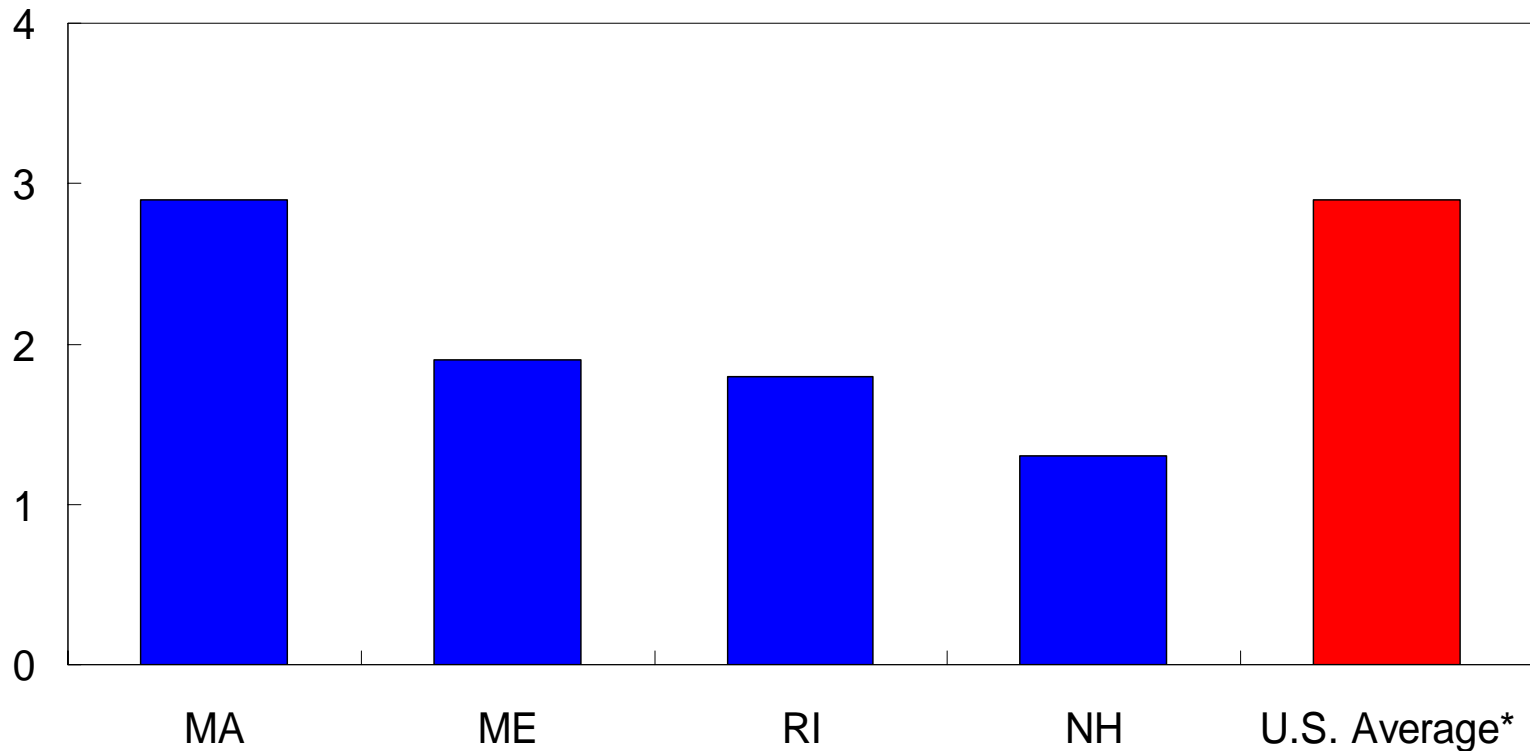
Change in Motor Vehicle Employment, Selected States (2000-2005)



New England Economies: ME, NH, MA, RI

GDP Growth of New England States - 2006

Annual Growth (%)

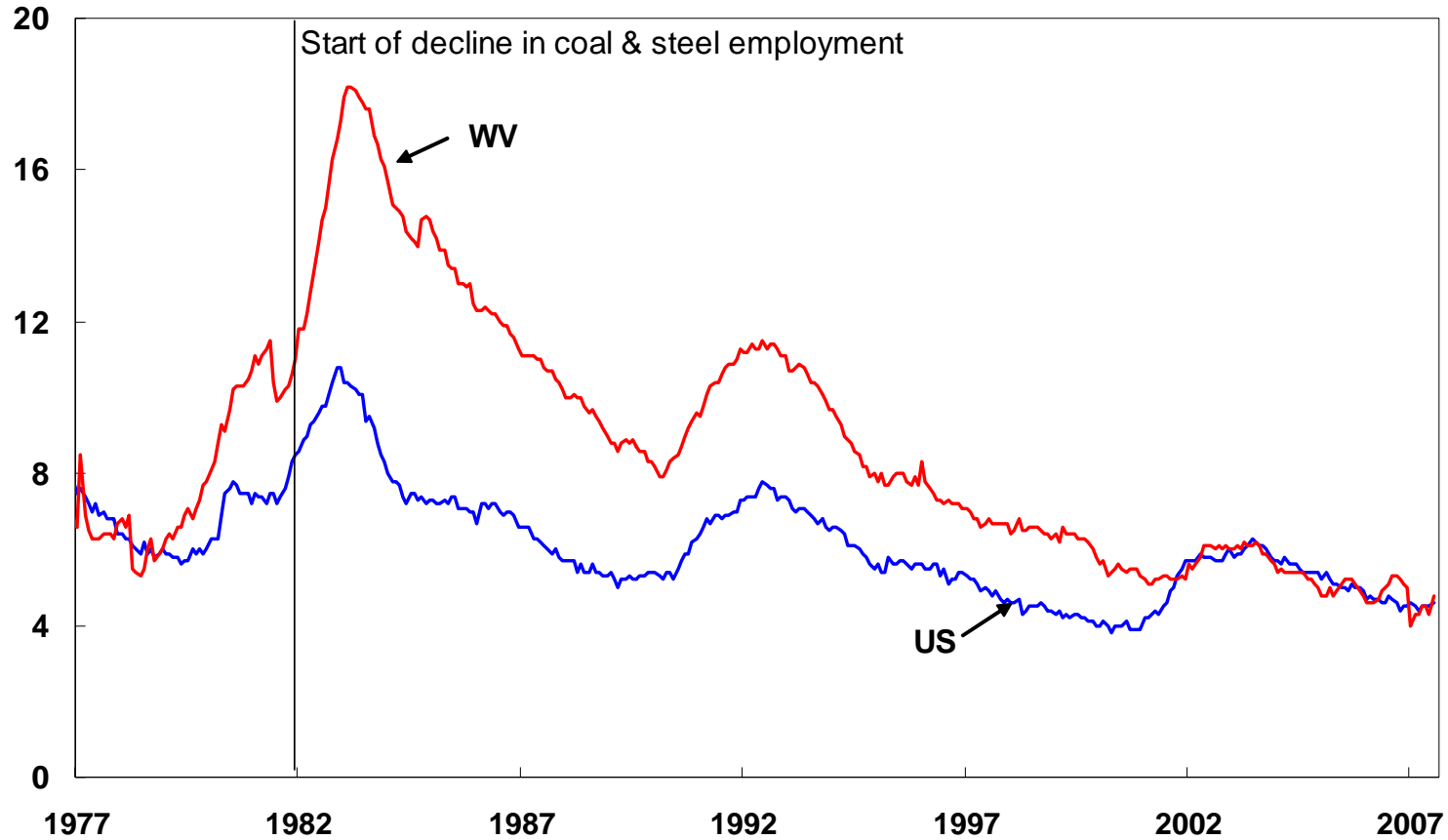


Source: Bureau of Economic Analysis. *Post July 2007 NIPA revision.

How Do Areas Adjust to Economic Slumps?

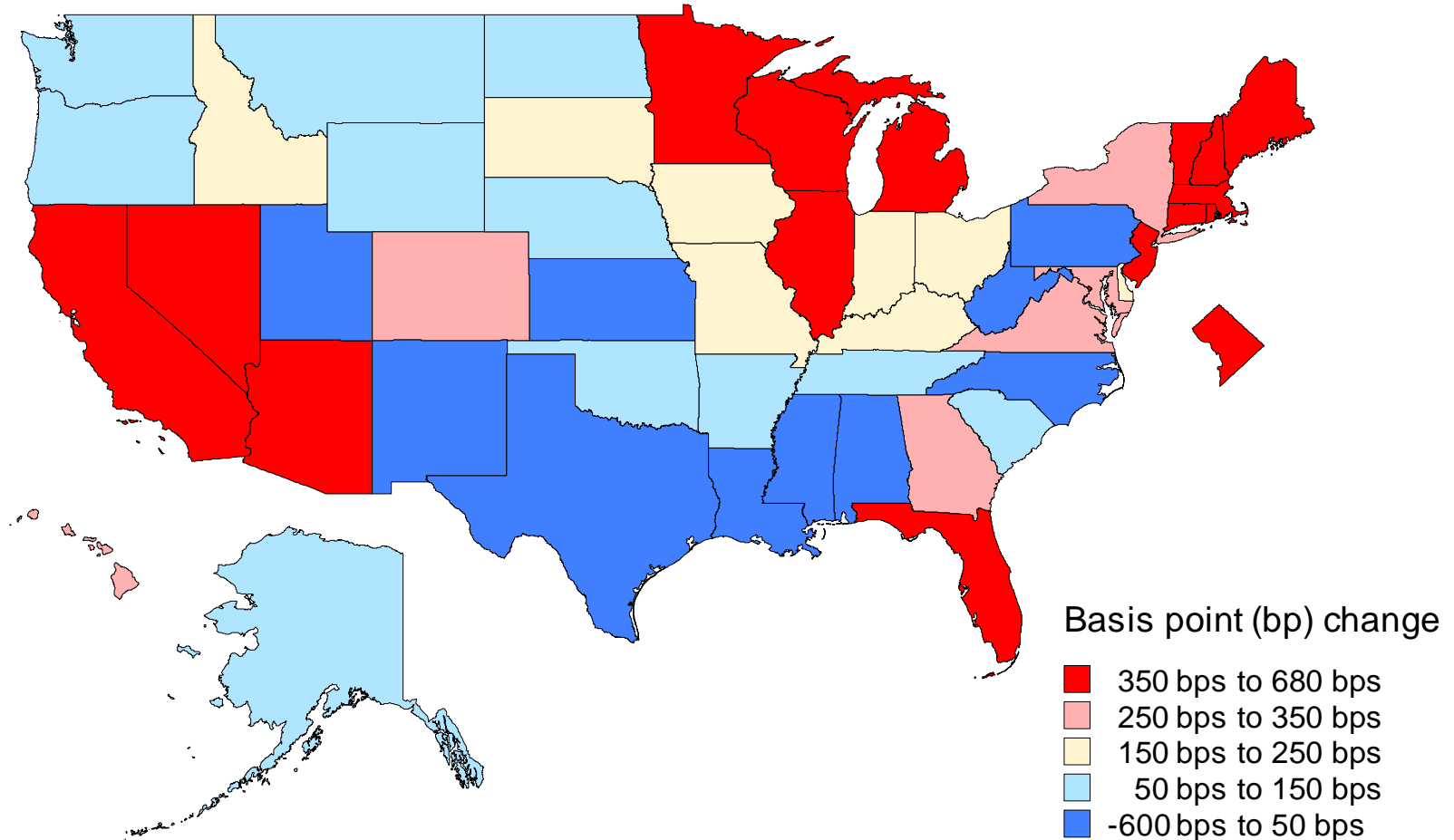
West Virginia labor market's adjustment to economic shocks

Unemployment Rate (%)



Recent Housing Changes Have Local Effects

Change in Seriously Delinquent Subprime Loans,
Q2 2006 to Q2 2007



Source: Mortgage Bankers Association

The President's Actions

- What is the goal?
- Who is the target?
- “FHASecure”
- Legislative Proposals:
 - Tax Treatment
 - FHA Reform
- Additional steps:
 - Disclosure
 - Regulations
 - Law enforcement