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Clinton Plan Aims To Curb the Effects Of Global Warming

By JOHN J. FIALKA
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—The Clinton administration will propose a $1 billion increase in spending and tax incentives to spur the development and use of more energy-efficient vehicles, homes, and heating and cooling equipment.

The increased spending is part of the administration's effort to curb global warming.

The plan, announced yesterday, includes a revamped version of a five-year, $3.6 billion package of tax incentives that Congress rejected last year. The new proposal includes credits of as much as $2,000 for the purchase of more energy-efficient homes and as much as 20% of the cost of electric-heat pumps, natural-gas water heaters, rooftop solar-electric generating systems, and other heating and cooling equipment that saves energy.

It also includes credits of as much as $4,000 for more energy-efficient cars, beginning in 2003 when auto makers are scheduled to begin production on vehicles that can get 60 miles per gallon and beyond. A White House official said the program has been enhanced to gain more political support from home builders and auto makers.

A Clean Air Partnership Fund containing $200 million would be created to provide grants for state and local government antipollution projects that reduce production of so-called greenhouse gases, such as carbon dioxide, which are believed to be causing the world's climate to heat up.

The proposal would provide $105 million, or roughly double the funding, for research sponsored by the Department of Agriculture to see whether better conservation methods by farmers and the timber industry could substantially reduce the nation's emissions of carbon dioxide.

Once ways are found to measure the benefits of conservation methods, the Clinton administration hopes to involve farmers in emissions-trading plans similar to those that reward some industries that cut air-pollution levels below allotted quotas.

The proposal also includes a $347 million increase in government research and development programs financing industry efforts to produce more fuel-efficient cars, heating equipment and energy-production devices powered by solar, wind and geothermal sources as well as the burning of agricultural wastes.

THE WALL STREET JOURNAL
TUESDAY, JANUARY 26, 1999

Home Sales Jumped 3.1% in December; '99 Outlook Is Strong

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON—Sales of existing single-family homes jumped 3.1% in December from November as a strong economy, low mortgage rates and warm weather spurred a flurry of purchases.

The National Association of Realtors said seasonally adjusted sales rose to an annual rate of 5.03 million homes from 4.88 million in November and 4.37 million a year earlier, with strength in all four regions of the nation. "We're going to enter 1999 on a running start," said David Lereah, chief economist with the Mortgage Bankers Association of America.

The results were boosted somewhat by the method used to seasonally adjust the numbers. While December is, in fact, a weaker sales month than November, this December was stronger than usual, thereby skewing the results. During December, the average rate on a 30-year conforming fixed-rate mortgage was 6.73%, according to HSH Associates, a financial publisher in Butler, N.J.

"The reports we've had on retail sales show consumers put them off until the last minute. The good news is that they were buying houses instead," said Paul Taylor, senior economist with America's Community Bankers, a thrift trade group.

The question now is whether the nation's housing markets can accommodate such a pace. New-home construction has met a lot of the housing demand, but inventories of new and existing homes are at lows not seen for several years.

Mr. Lereah predicted home sales will slow to a still-healthy 4.6 million in 1999, compared with a preliminary 1998 total of about 4.79 million. The median price of existing homes was $130,600 in December, compared with $131,700 in November, but up 3.7% from $125,900 in December 1997.

U.S. Records Deficit Totaling $5.4 Billion For Past December

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON—The federal government had a $5.4 billion deficit in December—but only because it issued Social Security checks a few days early, on Dec. 31 instead of Jan. 3.

The government took in $178.6 billion and doled out $184 billion last month, the Treasury Department said. The $5.4 billion deficit compares with a $13.6 billion surplus posted in December 1997.

For the first three months of fiscal 1999, which began in October, receipts totaled $412.6 billion. That compares with $386.3 billion in receipts a year earlier. Government outlays for the period were $467.5 billion, compared with $426 billion a year earlier. About $116 billion of the outlays for the fiscal 1999 period went to pay interest on the federal debt.

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