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JOINT ECONOMIC COMMITTEE

CONGRESSMAN JIM SAXTON

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PRESIDENT'S ECONOMIC REPORT OMITS MENTION OF FEDERAL RESERVE – Report Is Biased and Incomplete –

WASHINGTON, D.C. – *The Economic Report of the President* submitted by President Bill Clinton aggressively claims credit for the positive economic conditions currently prevailing in the United States, but fails to even mention the Federal Reserve, **Congressman Jim Saxton of the Joint Economic Committee (JEC)** noted today. The President's *Report* highlights the main economic themes presented by the Administration, but monetary policy is not one of them. An accompanying report by the staff of the Council of Economic Advisers (CEA) does mention the central bank.

“The red cover of this document is appropriate because the President should be embarrassed by not even referring to the Federal Reserve in his report,” Saxton said. “As has been stressed many times, the Federal Reserve's central role in bringing down inflation, interest rates and unemployment has been absolutely critical in fostering the economic expansion. The resulting health of the economy flooded the Treasury with revenue, erasing the budget deficit and creating large and growing surpluses. **To provide an overview of the economic expansion without even mentioning the Federal Reserve suggests a lack of objectivity and balance that is unfortunate.**

“This omission is a warning that the President's report and CEA report appear to be quite polemical in nature. Little impartiality is evident in the framing of the central economic issues. For example, the President asserts once again that interest rates fell after the tax increase of 1993, boosting the economy. To the contrary, as the CEA tables and graphs under the same cover show, **interest rates increased after this legislation was passed**, and the Administration lowered its economic growth forecasts for 1993 and 1994. The economy is currently in good shape, but the primary policy reasons are rooted in monetary policy. Hard-working Americans across this country deserve more credit for the expansion than do politicians in Washington.

“To provide just one additional example of bias, the CEA report contains an extensive discussion of reforms related to the International Monetary Fund (IMF). This section mentions an intergovernmental group and G-7 statement, but fails to explain that the language from the G-7 statement is drawn directly from the Congressional IMF reform package. There also is no hint that the Administration and IMF repeatedly resisted Congressional efforts to reform the IMF or to publicly disclose basic IMF financial and policy documents.”

For more information on the role of the Federal Reserve and monetary policy, please visit the JEC website at <http://www.house.gov/jec/>.

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