



CONGRESS OF THE UNITED STATES

# JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

## PRESS RELEASE

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### Minority Leadership Needs Economics Reality Check

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Contact: Christopher Frenze  
Chief Economist to the V.C.  
(202) 225-3923  
Stephen Thompson  
Radio & T.V.  
(202) 225-4765

WASHINGTON, D.C. — Recent statements by House Minority Leader Nancy Pelosi and other Members of the Minority Leadership linking a supposed “continued downturn in the economy” to Administration economic policies were challenged as factually wrong today by Vice Chairman Jim Saxton of the Joint Economic Committee (JEC). Minority Leader Pelosi also said, “Since President Bush took office two and half years ago, the American people have seen the most dramatic economic deterioration the nation has ever experienced in such a short time.”

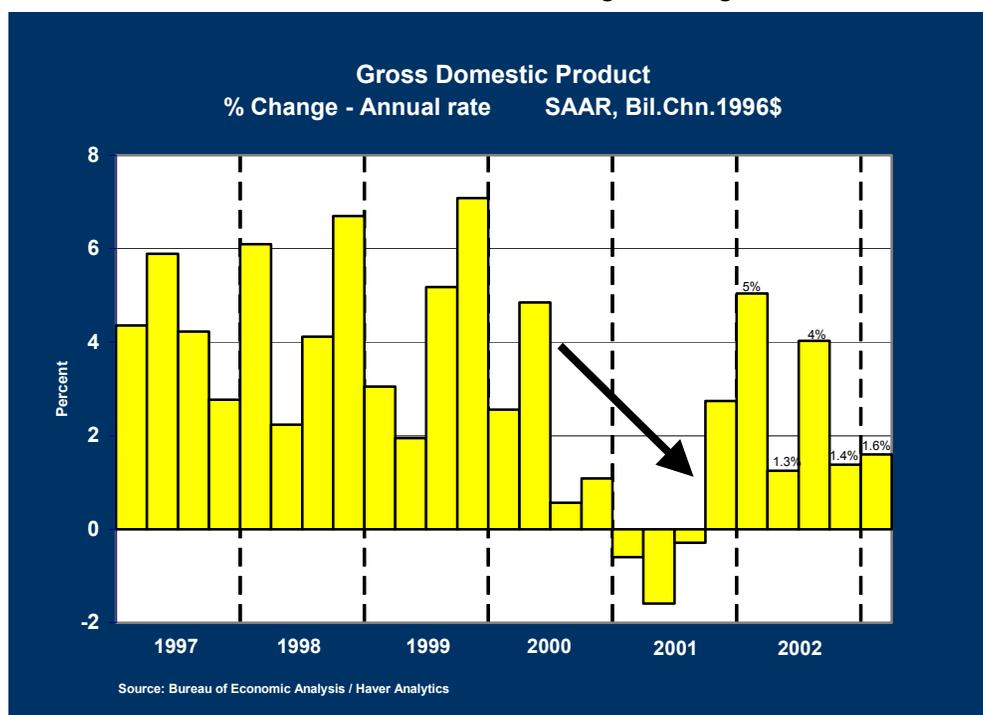
Saxton referred the Minority Leader to the statement of Joseph Stiglitz, President Clinton’s Chairman of the Council of Economic Advisers who said, “**the economy was slipping into recession even before Bush took office, and the corporate scandals that are rocking America began much earlier.**”

“There is a huge body of statistical evidence showing that the economic slowdown began in the middle of 2000, after the bursting of the stock market bubble in the first quarter of that year,” Saxton said. “GDP growth, industrial production, investment, and the percentage of population with jobs were sliding by the second half of 2000. Furthermore, although the pace of economic expansion is slow, we are not, as Minority Leader Pelosi has said, in a ‘continued downturn.’”

“The weakest component of the current economic expansion has been business investment, which must rebound if normal rates of economic recovery are to be achieved. The bursting of the stock market bubble triggered three consecutive years of reductions in household net worth, starting in 2000. Tax legislation can address these issues by reducing the cost of capital for business investment, and by reducing the tax burden on financial investments and investors.

“The most effective way to boost domestic demand is through a further easing of Federal Reserve policy. The minuscule, temporary Minority tax package could not appreciably change taxpayer behavior or the prospects for economic growth. As we know from earlier experience, temporary tax rebates and other gimmicks are not effective ways to stimulate demand,” Saxton concluded.

The chart below shows that the slowdown in economic growth began in the middle of 2000.



For more information on economic conditions, please visit our website at [www.house.gov/jec](http://www.house.gov/jec).

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