

CONGRESS OF THE UNITED STATES
JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

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**ACKNOWLEDGEMENT OF 2000 ECONOMIC
SLOWDOWN IS NEEDED TO UNDERSTAND
RECENT ECONOMIC TRENDS**

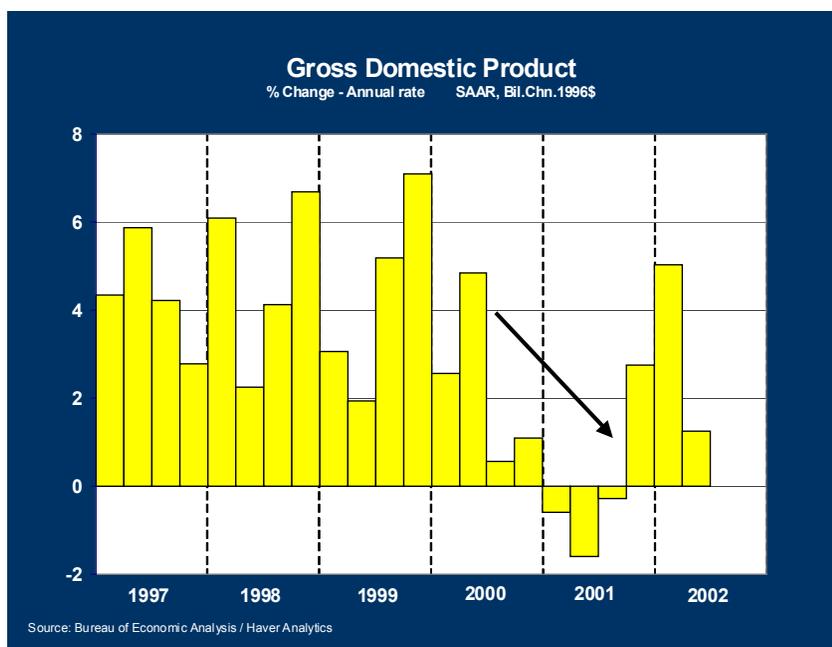
WASHINGTON, D.C. – The variety of economic statistics showing a dramatic slowdown of the U.S. economy in 2000 should be closely examined to facilitate an informed debate over economic policy, Chairman Jim Saxton of the Joint Economic Committee (JEC) said today.

“There seem to be some people here in Washington who don’t realize that economic growth took a nosedive in the middle of 2000. In the second quarter of 2000 real economic growth was a strong 4.8 percent rate, but in the second half of the year growth had slowed to about one-fifth of that rate.

“As Clinton Administration chief economist and Nobel Laureate Dr. Joseph Stiglitz noted in a recent article, ...’the economy was slipping into recession even before Bush took office, and the corporate scandals that are rocking America began much earlier.’ Although he also said some other things I don’t agree with, he is correct about the critical factual point of when the recession began.

“It is also important to realize that the NASDAQ had fallen nearly \$3 trillion in market value by January 2001, depressing the market value of 401(k)s, IRAs, and other investments. The economic weakness was also reflected in a decline in manufacturing employment that actually began in 1998, and the downward trend in industrial production began after June 2000. Real median household income stagnated in 2000, after several years of significant increases.

“The bottom line is that the economy currently has strengths and weaknesses, and all of the weaknesses did not suddenly begin on January 20, 2001. A review of other standard economic indicators confirms the fact that the economic slowdown began in the middle of 2000.



For more information on current economic trends, please visit the JEC website at www.house.gov/jec.

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