



CONGRESS OF THE UNITED STATES

# *JOINT ECONOMIC COMMITTEE*

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## PRESS ADVISORY

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*For Immediate Release*

*May 9, 1997*

### **JEC Chairman Saxton Reacts to Greenspan's Statement Last Night on Monetary Policy**

**Washington, D.C.** -- **Chairman Jim Saxton (R-NJ) of the Joint Economic Committee** reacted today to an important speech delivered yesterday at New York University by Federal Reserve Chairman Alan Greenspan.

"While I commend Chairman Greenspan for his efforts toward openness and clarity in monetary policy, and his commitment to price stability, I still disagree with the Federal Reserve's apparent criteria for implementing price stability. Chairman Greenspan's direct and clear expression of support for price stability is positive, and he is right that monetary policy must preempt inflation, but it seems increasingly evident that Federal Reserve policy of late relies on the notion that economic growth itself is potentially inflationary.

My disagreement with the Federal Reserve is based on the view that both price inflation measures such as price indexes and forward-looking indicators -- commodity prices, the value of the dollar, and bond yields -- are the appropriate criteria for judging price stability, not measures related to economic growth.

I agree with Chairman Greenspan that preemption of inflation is critical, but disagree with the Federal Reserve in thinking that forward-looking indicators of price measures are more reliable indicators of future inflation than are current output and labor market data."

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***Press Release: #105-47***

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