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CHAIRMAN JIM SAXTON

PRESS RELEASE

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NEW STUDY SHOWS INFORMATION TECHNOLOGY'S POSITIVE EFFECTS ON PRODUCTIVITY AND ECONOMIC GROWTH

WASHINGTON, D.C. – Information technology played an essential role in the rebound of productivity growth in recent years, according to a study released by Chairman Jim Saxton and Representatives Lamar Smith and Jennifer Dunn, of the Joint Economic Committee. According to the study, *Information Technology and the New Economy*, at least half, and probably more, of the increase in labor productivity in the late 1990's is attributable to information technology.

“This study shows that information technology has been the driving force of the productivity gains of recent years,” Saxton said. “These productivity gains contributed to the robust economic growth that continued through the middle of 2000. Though the economy has been in a slowdown since mid-2000, I would expect that information technologies would continue to benefit the economy into the future.

“It is important to recognize that the innovation and creativity inherent in information technology have been generated in a positive policy environment. U.S. public policy is conducive to entrepreneurship and discovery because government taxation, spending, and regulation are not as heavy a burden as in most other countries. The resulting dynamism and flexibility of the U.S. economy provides a good environment for the creation and application of information technology,” Saxton concluded.

“This report clearly demonstrates the incredible impact that the IT sector has had on America's economic growth over the past several years,” Congressman Smith said. “For this growth to continue, this industry needs to have its property and transactions protected. Congress should give IT issues priority,” Smith concluded.

“I commend Chairman Saxton for his leadership in the Joint Economic Committee in producing this valuable report,” Congresswoman Dunn said. “It establishes a foundation for the commonsense assumptions many of us have made about the relationship between information technology and productivity. This report shows that advancement in information technology has increased productivity while reducing costs. We can do more in less time -- not only as individuals or businesses, but as an economy. The advancement in computers, cell phones, and the Internet improves the flow of goods and services by reducing excess inventory and speeding distribution. Our technology has helped keep the U.S. economy competitive globally,” Congresswoman Dunn concluded.

For more information on economics, including the new study, *Information Technology and the New Economy*, please visit our website at www.house.gov/jec.

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