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JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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ECONOMIC GROWTH AND INVESTMENT SOAR

-- While Critics Doom and Gloom, the Economy Booms --

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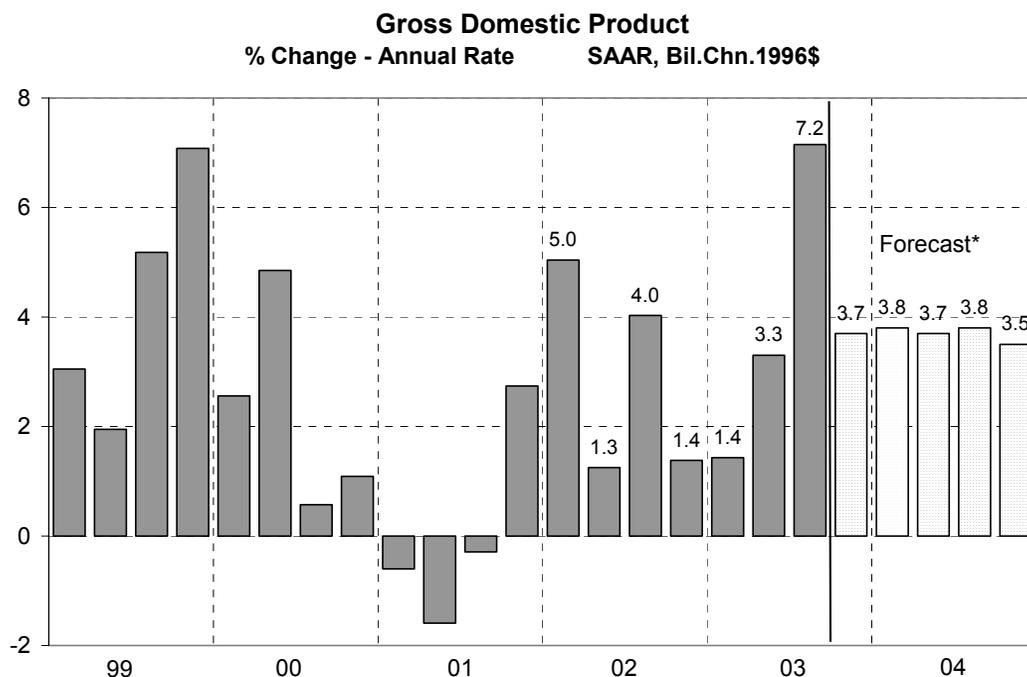
WASHINGTON, D.C. – The third quarter economic growth rate of 7.2 percent is the most rapid since the first quarter of 1984, showing that the U.S. economy is very strong and that the recent tax legislation has worked as intended, Vice Chairman Jim Saxton said today. The growth reported today builds on the respectable 3.3 percent real GDP growth rate posted in the second quarter.

The 15.4 percent increase in equipment and software spending in the third quarter confirms other data indicating that business investment is recovering from its declines following the bursting of the stock market and technology bubbles early in 2000. Weak business investment had been the major factor undermining economic growth since it started its decline in the fourth quarter of 2000.

“The GDP and investment figures reported today confirm that the economy is growing at a robust rate,” Saxton said. “These figures prove that the long awaited and often predicted return to strong economic growth is now underway. It is reasonable to expect that sustained employment gains will follow in the near future.

“The economic growth figures reported today also provide some perspective on criticism made of the President’s tax policies. The critics have pretended that the economy is collapsing, complete with references to Herbert Hoover. However, while the critics have been dooming and glooming, the economy has been booming. Despite their attacks, the fact remains that the recent tax relief legislation has been critical for the improvements in the economy, investment, and stock market. Accelerating the marginal tax rate reductions, boosting investment write-offs, and reducing the tax rates on dividends and capital gains now are having their desired effects.

“The reality is that the economy has absorbed a number of shocks including the 2000 stock market decline, terrorist attacks, wars, and other problems with an amazing degree of resilience. Now the economy is bouncing back, and the outlook is for healthy economic growth for the foreseeable future,” Saxton concluded.



Source: Bureau of Economic Analysis/Haver Analytics/ *Blue Chip Consensus

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