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JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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HEALTHY ECONOMIC EXPANSION CONTINUES AT A MORE SUSTAINABLE PACE

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WASHINGTON, D.C. – The solid 4 percent real growth rate posted in the fourth quarter of 2003 shows that the economic expansion is on a firm footing, Vice Chairman Jim Saxton said today. Saxton also noted the continued strength of business investment as an indication that solid economic growth would continue into 2004.

The weakness in business investment after the bursting of the stock market bubble in early 2000 had been a major drag on growth in recent years. Conversely, the rebound of investment in recent quarters has helped produce a pick-up in economic growth in 2004. Tax incentives for investment and low interest rates are widely cited as contributing to the rebound in investment, as well as in the overall economy.

“The economic figures released today show that the U.S. economy is on track,” Saxton said. “The 4 percent growth rate in the fourth quarter is a sustainable pace that economic forecasters expect will continue through 2004. Although not as high as the astonishing 8.2 percent growth rate of the third quarter, the economy’s performance in the fourth quarter was very solid.

“The 10 percent increase in equipment and software spending in the fourth quarter is also encouraging. This is the third consecutive quarter in which this kind of investment has been quite robust. As many have noted, a rebound in investment was necessary to get the kind of economic performance that was needed for sustained prosperity. To this end, economic policies geared to tax relief, low inflation, and low interest rates have made essential contributions to the recent strength of the American economy,” Saxton concluded.

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