



JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

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ECONOMIC GROWTH ACCELERATES IN THIRD QUARTER

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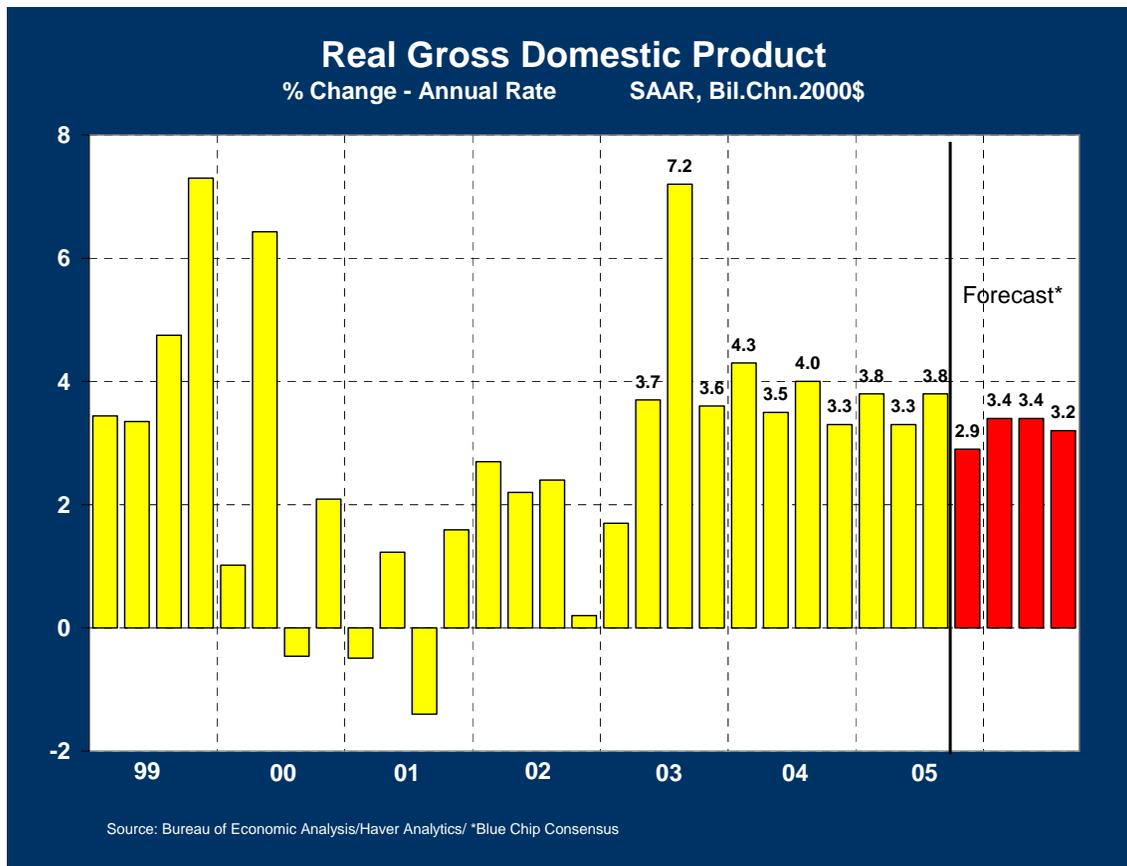
-- Core Inflation Measure Declines --

WASHINGTON, D.C. – New figures show that the U.S. economy displayed robust growth in the third quarter, while core inflation remained tame, Chairman Jim Saxton said today. Today’s Commerce Department release indicates that the U.S. economy grew at a 3.8 percent rate in the third quarter of 2005, while core inflation as measured by a key index actually fell to 1.3 percent (The index referred to here is the core personal consumption expenditure deflator, which excludes food and energy).

“The figures released today reflect the strong forward momentum of the U.S. economy,” Saxton said. “It is also important to note that inflation, as measured by the Federal Reserve’s preferred index, remains under control.

“It is encouraging to see how the resilience and flexibility of the U.S. economy have enabled it to surmount so many shocks, including the recent hurricanes. The underlying strength of the economy is stronger than many had expected.

“One of the factors explaining the strength of economic growth is the increase in equipment and software spending. This investment has been a key contributor to the good performance of the economy in recent years, and is largely due to the investment incentives contained in the 2003 tax legislation. Once this legislation became effective, investment took off, and economic and employment growth soon followed,” Saxton concluded.



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