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JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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GREENSPAN NOMINATION APPLAUDED

– Greenspan's Policies Fostered Expansion by Reducing Inflation and Interest Rates –

WASHINGTON, D.C. – President Clinton's nomination of Federal Reserve Board Chairman Alan Greenspan to another term was welcomed today by Vice Chairman Jim Saxton of the Joint Economic Committee (JEC).

"The President's nomination of Chairman Greenspan will continue the most successful monetary policy in the history of the United States," Saxton said. "Since his appointment by President Reagan in 1987 and through several different administrations, Greenspan has been consistent in his focus on price stability – the virtual extinction of inflation. As Chairman Greenspan and I have discussed at a number of JEC hearings, this monetary policy of price stability has reduced inflation, interest rates, and unemployment at the same time, fostering the longest peacetime expansion on record.

"Greenspan's monetary policy has been by far the most important policy factor behind the economic prosperity we all enjoy today. Most of the credit goes to the hard work of the American people, but the right Federal Reserve policy provided a crucial foundation. Moreover, Fed policy also was extraordinarily important in averting a potentially disastrous international financial crisis.

"When the international financial markets were wracked by deflationary fears and unprecedented instability in the fall of 1998, many feared an international financial collapse. From my point of view, the three Federal reserve rate cuts were exactly the right policy at exactly the right time, and the Fed's actions successfully reduced fears of deflation and thus calmed the international financial markets. The Federal Reserve played a central and indispensable role in preventing what could have been an international financial meltdown.

"The action today provides assurance that the Greenspan policy of price stability will continue to keep inflation at bay and foster the economic expansion. While occasionally I have voiced disagreement with tactical questions of Fed policy, I have no doubt that its central thrust of price stability is absolutely critical to the continued health of the economy," Saxton concluded.

To see the extensive research and hearings of the Joint Economic Committee on Federal Reserve monetary policy and related issues, please see the JEC website at www.house.gov/jec.

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