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CHAIRMAN JIM SAXTON

PRESS RELEASE

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NEW STUDY REVIEWS USES AND BENEFITS OF U.S. TREASURY SECURITIES

WASHINGTON, D.C. – U.S. Treasury securities provide a number of benefits to the U.S. economy, according to a new study released today by Joint Economic Committee (JEC) Chairman Jim Saxton. Treasury securities lubricate U.S. financial markets, provide a benchmark for measuring risk, enhance financial market efficiency during business cycle upturns and soften downturns, and increase private investment and long-term economic growth, according to the new study, *Economic Benefits From U.S. Treasury Securities*.

“Treasury securities are widely used by banks, insurance companies, mutual funds, industrial firms and many other institutions as reserves and liquid investments,” Saxton said. “As this new paper notes, Treasury securities enable firms to manage liquidity constraints, lower financing costs, and provide financial flexibility.

“The ready availability of Treasury securities to firms also provides a liquidity cushion to the economy during periods of economic recession or financial crisis. This reduces the size of a contraction in employment, investment, and production, relative to what it would otherwise be. On the other hand, in an expansion, Treasuries facilitate lower financing costs for investment by facilitating hedging.

“Economic research demonstrates that over the long term, Treasury securities provide liquidity, reduce financial costs, increase the efficiency of the financial markets, increase investment, and boost economic growth. Within appropriate bounds, Treasury securities provide great economic benefits, as our first Treasury Secretary, Alexander Hamilton, recognized in framing the financial policy of the Washington Administration,” Saxton concluded.

For a copy of the study, *Economic Benefit From U.S. Treasury Securities*, please visit our website at www.house.gov/jec.

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