



CONGRESS OF THE UNITED STATES

CONGRESSMAN JIM SAXTON

PRESS RELEASE

For Immediate Release
February 2, 1999

Press Release #106-7
Contact: Daniel Guido
(202) 226-0603

FEDERAL RESERVE POLICY FOSTERS ECONOMIC AND EMPLOYMENT GROWTH

– Inflation, Interest Rates and Unemployment All Reduced During Expansion –

WASHINGTON, D.C. – The Federal Reserve’s policy of informally targeting inflation has produced remarkable positive results, Congressman Jim Saxton said today. Under this policy, inflation and unemployment have been reduced together, a result many had thought unattainable. Saxton and Fed Chairman Alan Greenspan had reviewed the reasons for the success of this policy at a Joint Economic Committee hearing held last year.

“The Federal Reserve’s monetary policy has fostered this economic expansion and reduced inflation, interest rates, and unemployment together,” Saxton said. “Furthermore, the resulting strength of the economy has flooded the Treasury with revenue, erasing the deficit and producing large and growing budget surpluses.

“It is important to fully understand that these results are not accidental, but follow from a policy based on the view that minimizing inflation will foster economic growth. The continued success of this policy in the face of international financial turmoil lends support for the current stance in policy.

“The business expansion that began in the second quarter of 1991 is now the longest peacetime upswing on record. All across this country it has been the ordinary workers, small business owners, farmers, savers, and entrepreneurs, whose efforts have made the economy hum. Let’s give credit where credit is due: to these ordinary citizens and their hard work, not noisy politicians here in Washington. Thank goodness all this effort was complemented by effective Federal Reserve policies.”

Saxton has released a series of studies on monetary policy and inflation targeting. For more information see the JEC website at www.house.gov/jec/.

###