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JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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MINORITY CRITICISM OF CURRENT ECONOMIC POLICY IGNORES 2000 SLOWDOWN

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WASHINGTON, D.C. – Recent criticism of current economic policy by former Minority Leader Gephardt, former Governor Howard Dean, and some Minority Senators ignores the extensive historical record demonstrating that the economic slowdown began in 2000, Vice Chairman Jim Saxton said today. Saxton again referred the Minority to the statement of Joseph Stiglitz, President Clinton’s Chairman of the Council of Economic Advisers, who said, **“the economy was slipping into recession even before Bush took office, and the corporate scandals that are rocking America began much earlier.”**

After the plunge in the stock market in the first quarter of 2000, by the second half of 2000 GDP growth, business investment, industrial production, and factory employment were all falling. Most of the payroll job losses in recent years reflect declines in factory employment, which were underway in the six months preceding the new Administration taking office. In the last month of the Clinton Administration, factory employment dropped 81,000.

“The current economic expansion is weak, and labor market conditions are not good,” Saxton said. “However, these problems did not start with the current Administration, but were well underway before President Bush took office.

“The Minority attacks on the current Administration studiously ignore the stock market nosedive in the first quarter of 2000, and its negative effects on business investment, household net worth and subsequent economic growth in 2000. Only by ignoring the economic slowdown that began in 2000 can one pretend that it was caused by economic policies that were implemented more than a year later.

“The stock market slump and economic slowdown also were primary causes of the reemergence of budget deficits. Healthy and sustained growth in the economy would help improve the fiscal situation, but the **net tax increase** proposed by the House Minority would undermine the economic outlook in future years,” Saxton concluded.

For more information on current economic conditions, please visit our website at www.house.gov/jec.

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