



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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MONETARY POLICY EASING IS NEEDED

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WASHINGTON, D.C. - Federal Reserve actions to ease monetary policy are still needed to ensure price stability, Vice Chairman Jim Saxton said today.

“The Fed’s Open Market Committee should ease monetary policy when it meets next week,” Saxton said. “The U.S. economy remains somewhat weak, and downward pressures on prices continue.

“There are a number of risks to the economic outlook. Household wealth has fallen, the international economy is weakening, economic uncertainty remain high, and costs related to terrorism still weigh on the economy.

“While it is reasonable to hope that economic growth will accelerate in the second half of the year, this will depend largely on a rebound in business investment. Unfortunately, there is little hard evidence to suggest that business investment is in a strong recovery at this time. There are some encouraging signs that economic growth may pick-up soon, but these are not conclusive.

“The Fed has emphasized that the danger of deflation is relatively small, as Chairman Greenspan recently testified before the Joint Economic Committee. However, even if deflation is improbable, preemption of deflation must remain a high priority of monetary policy,” Saxton concluded.

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