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VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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AFTERMATH OF BURSTING STOCK MARKET BUBBLE SIMILAR IN ADVANCED ECONOMIES

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WASHINGTON, D.C. – The pattern of economic slowdown following the bursting of the stock market bubble in 2000 has been very similar in the major advanced economies, according to a new study released today by Vice Chairman Jim Saxton. After the sharp decline in the stock markets of the advanced economies, investment slowed dramatically, industrial production fell, and unemployment increased in all, according to the new Joint Economic Committee study, *International Economic Performance Since the Stock Market Bubble*. The study also shows that in the subsequent expansion period, the U.S. economy has performed relatively well compared to the other advanced economies. The study examines the macroeconomic performance of the U.S., European Union, Japan, and Canada.

“After the stock market bubble burst in 2000, trillions of dollars of wealth were wiped out, triggering a painful adjustment process not only in the U.S., but in other advanced economies as well,” Saxton said. “There was a marked fall-off in investment in all major economies, leading to a widespread economic slowdown. Furthermore, since much of this investment had consisted of manufactured capital goods, industrial production then declined in all of the advanced economies. In addition to these forces, the U.S. economy was buffeted by impact of terrorist attacks, wars, and corporate scandals.

“Nonetheless, the U.S. economic expansion is on track, and has been especially strong in recent quarters. Investment and industrial production have rebounded, and GDP growth has been strong. Although employment growth has not been as strong as in previous expansions, the U.S. unemployment rate, at 5.6 percent, is significantly below the European Union level of 8.0 percent,” Saxton concluded.

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