



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

**Congressman Jim Saxton
Ranking Republican Member**

PRESS RELEASE

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STATEMENT OF CONGRESSMAN JIM SAXTON

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RANKING MEMBER

THE ECONOMIC OUTLOOK

It is a pleasure to join in welcoming Federal Reserve Chairman Ben Bernanke before the Committee this morning.

As the Federal Reserve has noted, the U.S. economy has performed well in recent years. Economic growth has been strong, unemployment stands at 4.5 percent, and 7.6 million jobs have been created since August of 2003. Furthermore, long-term inflation pressures are under control, and long-term interest rates remain low.

According to the Federal Reserve's *Monetary Policy Report* submitted to Congress last month, "the economic outlook for this year and next appears favorable." This report notes that the drag on the economy from the decline in homebuilding may lessen during 2007, real wage and job gains should continue to boost consumer spending, and financial conditions for businesses are good. In addition, U.S. exports are expected to make a positive contribution to growth.

The risks to the economy going forward include the potential impact of unsound subprime lending, continued weakness in housing, and slower growth of business investment. Nonetheless, taking these and other factors into account, the Federal Reserve Board has projected that U.S. economic growth will range between 2.5 and 3.0 percent in 2007.

The economic growth projected by the Fed in 2007 is in line with that of the Blue Chip consensus of economic forecasters. Although the prospects for economic expansion are good, I continue to be concerned about the prospect of much higher taxes in the future under policies currently being debated in Congress.

Although the economy has proven to be extremely resilient in recent years, the possibility of policy mistakes undermining economic growth cannot be dismissed lightly. If we can avoid such mistakes, the prospects for economic expansion will continue to be favorable over the next several years.

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