



CONGRESS OF THE UNITED STATES

# *JOINT ECONOMIC COMMITTEE*

**Congressman Jim Saxton  
Ranking Republican Member**

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## **PRESS RELEASE**

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For Immediate Release  
November 8, 2007

## **STATEMENT OF CONGRESSMAN JIM SAXTON RANKING MEMBER**

Press Release #110-29  
Contact: Christopher Frenze  
Republican Staff Director  
(202) 225-3923

### *THE ECONOMIC OUTLOOK*

**WASHINGTON, D.C.** – Chairman Bernanke, I am pleased to join in welcoming you once again to the Joint Economic Committee and appreciate your testimony on the economic outlook.

According to standard measures of performance such as economic growth and the unemployment rate, the U.S. economy appears to be doing well. Real economic growth was 3.9 percent in the third quarter, while the unemployment rate remained at a relatively low 4.7 percent rate in October. Exports and consumer spending continued to advance, reflecting the resilience of the U.S. economy.

The recent pace of economic growth is all the more remarkable given the challenges facing the economy. Residential investment declined at a 20 percent rate in the third quarter, continuing a longer trend. Housing prices are falling in many areas of the country, as housing inventory levels rise. Oil prices are nearing \$100 per barrel, and the dollar is falling.

In recent months, it has also become clear that a number of large financial institutions have invested in mortgage securities of dubious quality. Huge write-downs of assets by Citigroup and Merrill Lynch are recent validations of the serious concerns about the value of mortgage-backed securities. Uncertainty about the extent of bad investments related to subprime and other mortgages has spread, resulting in sharp declines in the valuation of bank stocks. Financial markets have become very volatile.

Even though recent economic growth appears to be strong, the combination of a decline of home building, falling housing prices, spiking oil prices, and financial turmoil risks the continuation of healthy economic growth. The Fed has acted to reduce the strains on the financial sector and to head off a slowdown in the economy. According to the Blue Chip consensus and Federal Reserve forecasts, the economy will continue to expand through 2008.

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