



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  
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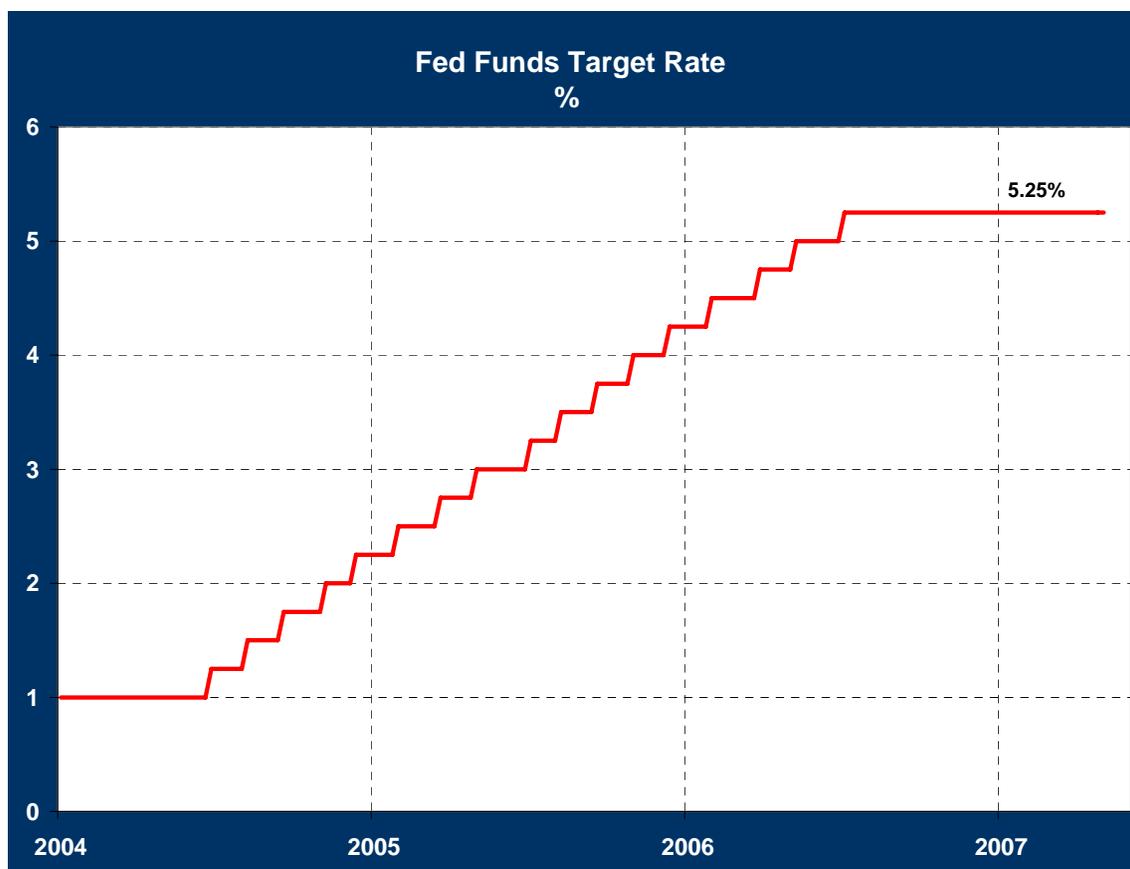
**FED POLICY EXPLAINS  
CURRENT ECONOMIC  
CONDITIONS**

Press Release #110-13  
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**-- Fed Funds Rate on Hold --**

**WASHINGTON, D.C.** – The Federal Reserve’s maintenance of tight monetary policy has cooled economic growth in the short run and reduced inflationary pressures, Congressman Jim Saxton, ranking member of the Joint Economic Committee, noted today. Although inflation is a monetary phenomenon, and healthy economic growth is in itself not inflationary, a tightening of monetary policy does tend to have the effect of temporarily dampening economic growth and reducing inflation over the longer term. As the Fed’s monetary policy committee wrapped up its meetings today, it announced no change in interest rates or in the stance of monetary policy. Federal Reserve and private forecasters expect economic growth to pickup in the second half of 2007. Saxton made the following statement on Fed policy:

“The impact of the Fed’s tightening of monetary policy is evident in the soft patch the economy is going through. Overall economic growth has decelerated and the latest reading of the Fed’s preferred inflation measure shows it to be only slightly above the central bank’s comfort zone. If progress on inflation is sustained in coming months, the groundwork would be laid for a pickup in economic growth in the second half of 2007 and in 2008. As the Fed has noted, the prospects for economic growth during this time appear to be favorable.”



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