



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

**Congressman Jim Saxton
Ranking Republican Member**

PRESS RELEASE

For Immediate Release
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FED INTEREST RATE REDUCTION LIMITS DOWNSIDE RISKS

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WASHINGTON, D.C. – The Federal Reserve’s action today to cut interest rates is needed to bolster the prospects of continued economic growth, Congressman Jim Saxton, ranking member of the Joint Economic Committee, said in a statement. This afternoon the Fed’s policymaking committee reduced the fed funds rate by half a percentage point to 3.0 percent. This action follows the Fed’s three-quarters of a percentage point inter-meeting reduction of the fed funds rate last week. Saxton made the following statement in reaction to the Fed’s announcement:

“Recent economic data indicate that a serious slowdown in economic growth is underway. While we do not know how severe the slowdown will be, the problems in housing and in the financial sector have the potential to further undermine the economy. The Fed’s recent actions have pushed short-term interest rates down below the level of long-term rates. This is a change in monetary policy that readjusts the relationship between the fed funds rate and long-term interest rates in a way that improves the prospects for economic expansion this year.”

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