



CONGRESS OF THE UNITED STATES  
**JOINT ECONOMIC COMMITTEE**

CHAIRMAN JIM SAXTON

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**PRESS RELEASE**

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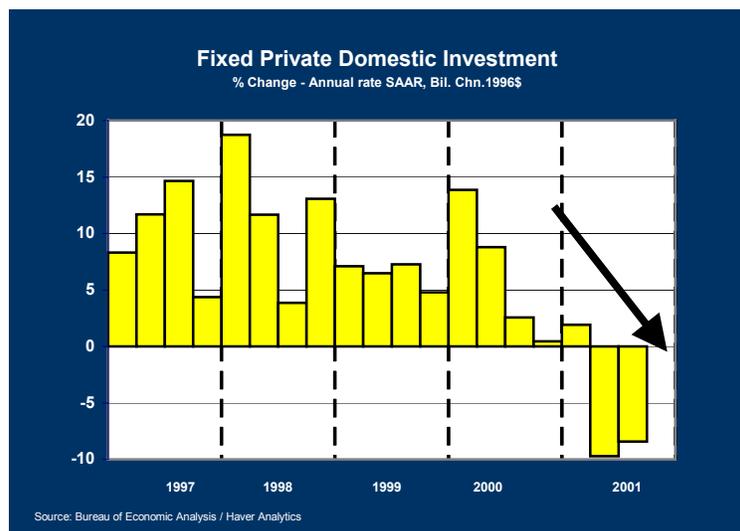
**NEW DATA SHOW “RECESSION” IN  
INVESTMENT ACTIVITY CONTINUES**  
– Continued Decline In Investment Reported Today –

WASHINGTON, D.C. – “Declines in investment activity continue to lead the economic slowdown and should be a focus of policies to provide economic stimulus,” Chairman Jim Saxton of the Joint Economic Committee (JEC) said today. Saxton was referring to the Commerce Department’s release of data showing broad declines in several investment measures. For example, real private domestic investment declined 10.7% in the third quarter of 2001, following a 12.1 percent decline in the second quarter. Fixed private investment also declined, as did its non-residential component.

“The sharp decline in investment reported today is the largest single factor behind the decline in GDP also reported for the third quarter,” Saxton said. “The decline in overall investment activity has been the single largest drag on the economy during the course of the slowdown that began in mid-2000.

“In considering policies to stimulate the economy, policymakers should consider the central role of the investment decline in producing the economic slowdown. A strong emphasis must be placed on lessening the well-known tax bias against investment in the current income tax system. Without a focus on investment incentives, economic policy would be ignoring the largest single factor explaining the current economic slowdown.

“Although demand and consumption spending has held up during the slowdown, there is a role for monetary policy in maintaining this demand. However, tax policy is most effective in stimulating investment activity, as Chairman Greenspan testified before the JEC earlier this month,” Saxton concluded.



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