



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

For Immediate Release
March 18, 2002

Press Release #107-79
Contact: Christopher Frenze
Executive Director
(202) 224-5171

BENIGN INFLATION OUTLOOK ASSOCIATED WITH CURRENT MONETARY POLICY

WASHINGTON, D.C. -- There is no inflation threat visible in the forward-looking indicators to suggest that a tightening of monetary policy by the Federal Reserve is needed at this time, Joint Economic Committee (JEC) Chairman Jim Saxton said today. Saxton based his remarks on three forward-looking inflation indicators used by the JEC to gauge the potential for future inflation – commodity prices, the foreign exchange value of the dollar, and long-term interest rates.

“Taken together, the leading inflation indicators used by the JEC show that there is no inflation in the pipeline,” Saxton said. “The lack of current and potential future inflation shows that there is no need for a tightening of monetary policy by the Federal Reserve at this juncture.

“Viewed over the longer term, the benign inflation outlook reflects the Fed’s commitment to price stability under Chairman Greenspan’s leadership. Under this Fed policy over the last decade, inflation, interest rates, and unemployment have trended downward at roughly the same time. The Federal Reserve policy of price stability has made an important contribution to the prosperity of the United States over this period, and has provided a firm foundation for future economic growth.

“The Fed’s performance following the events of September 11 was also superb and permitted the reopening of the markets and the return to economic stability in very short order. In addition, the resilience of the American people and economy in recent months has been remarkable. As economic expansion resumes, we can expect solid growth based on price stability, strong productivity performance, lower tax burdens on the economy, and relatively constrained energy prices,” Saxton concluded.

For JEC studies on the Federal Reserve, monetary policy, and inflation, please visit the JEC website at www.house.gov/jec

###