



CONGRESS OF THE UNITED STATES

# *JOINT ECONOMIC COMMITTEE*

CHAIRMAN JIM SAXTON

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## PRESS RELEASE

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For Immediate Release  
November 3, 2005

### STATEMENT OF CHAIRMAN JIM SAXTON THE ECONOMIC OUTLOOK

Press Release #109-44  
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**WASHINGTON, D.C.** –I am pleased to welcome Chairman Greenspan before the Committee once again to testify on the economic outlook. We appreciate the many times you have testified before this Committee, and recognize your outstanding stewardship of monetary policy during your tenure as Fed chairman.

You have guided monetary policy through stock market crashes, wars, terrorist attacks and natural disasters with a steady hand. Under your tenure price stability has been the norm, with inflation low and stable. You have made a great contribution to the prosperity of the U.S., and the nation is in your debt.

A broad array of standard economic data reflects the health of the U.S. economy. Figures released last week indicate that the economy grew at a 3.8 percent rate last quarter, despite the massive regional destruction wrought by the hurricanes. So far during 2005, the economy has expanded at a 3.6 percent rate, roughly in line with Federal Reserve expectations as well as the Blue Chip Consensus.

Equipment and software investment, which has bolstered the economy since 2003, continues at a healthy pace. This component of investment responded especially sharply to the incentives contained in the 2003 tax legislation. Employment has also gained over this period, with 4.2 million jobs added to business payrolls since May of 2003. The unemployment rate is 5.1 percent.

Consumer spending continues to grow. Homeownership has reached record highs. Household net worth is also at a record level. Productivity growth continues at a healthy pace. Although higher energy prices have raised business costs and imposed hardship on many consumers, these prices have not derailed the expansion.

As the Fed recently suggested, long-term inflation pressures are contained. As a result, long-term interest rates, such as mortgage rates, are still relatively low. By its actions the Fed has made clear its determination to keep inflation in check.

In summary, the economy has displayed impressive flexibility and resilience in absorbing many shocks. Monetary policy and tax incentives for investment have made important contributions in accelerating the expansion in recent years. The most recent release of Fed minutes indicates that the central bank expects this economic growth to continue through 2006. The Blue Chip Consensus of private economic forecasters also suggests that the economy will grow in excess of 3 percent next year. Current economic conditions are positive, and the outlook for 2006 is favorable.

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