



JOINT ECONOMIC COMMITTEE

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ECONOMY CONTINUES TO SHOW SIGNS OF GROWTH

JEC Report Highlights Trends of Economic Growth

Washington, DC—The Joint Economic Committee (JEC) today released “10 Facts About the Economy,” a report that highlights a number of positive trends that have developed throughout the last few years. Despite challenges in some sectors of the economy, the fundamentals of the U.S. economy remain strong, including America’s world-class productivity levels and growth, and long-sought price stability.

“We are in the midst of the first recovery of a new economy,” said JEC Chairman Bob Bennett. “With the rise of information technology we are experiencing dynamics never before encountered. Real-time inventory capability has streamlined business practices and an increase in productivity due to technological advances affects the job market in new ways. Despite the pace of the current economic recovery, I am confident the second half of this year will see stronger economic growth.”

The report points out that despite a series of unforeseeable shocks, the economy continues to grow. Since the end of the recession in November of 2001, incomes and spending have grown, and home sales have hit record highs. In addition, it was announced today that the unemployment rate saw a modest decrease, keeping the rate well below the peaks of the previous recessions in the 1980s and early 1990s.

The report follows economic indicators released this week from the Bureau of Economic Analysis (BEA) showing a surprising 2.4 percent increase in Gross Domestic Product (GDP) in the second quarter of this year. This increase exceeded expectations for two primary reasons. First, business investment rebounded more quickly than many economists had predicted, with business spending on equipment and software increasing at a 7.5 percent annualized rate, and investment in offices, factories, and other structures increasing at a 4.8 percent rate. This is a positive signal for a long-awaited resurgence of business investment activity. Second, government spending increased significantly, reflecting a sharp increase in defense spending.

The report can be found on the JEC website at <http://jec.senate.gov>, or contact Rebecca Wilder at (202) 224-0379.

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