

103^D CONGRESS
1ST SESSION

H. J. RES. 55

Directing the Federal Open Market Committee of the Federal Reserve System to adopt and pursue monetary policies leading to, and then maintaining, zero inflation.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. NEAL of North Carolina introduced the following joint resolution; which was referred to the Committee on Banking, Finance and Urban Affairs

JOINT RESOLUTION

Directing the Federal Open Market Committee of the Federal Reserve System to adopt and pursue monetary policies leading to, and then maintaining, zero inflation.

Whereas zero inflation will reduce interest rates to, and maintain them at, their lowest possible levels;

Whereas zero inflation will promote the highest possible sustainable level of employment;

Whereas zero inflation will generate the maximum sustainable rate of economic growth;

Whereas zero inflation will encourage the highest possible rate of savings and investment, thereby boosting productivity and enhancing our standard of living;

Whereas zero inflation will stimulate efficiency in production, thereby maximizing our competitiveness in world trade;

Whereas zero inflation will help stabilize the economy and minimize risk and uncertainty in economic decisionmaking, thereby facilitating long-term planning and investment;

Whereas zero inflation renders the economy more productive and efficient by abolishing the need to devote resources, time, and energy to predicting inflation and coping with the consequences of inflation;

Whereas zero inflation minimizes the risk and reduces the severity of recession; and

Whereas inflation is essentially a monetary phenomenon which, over reasonable periods of time, can be adequately controlled by the monetary policies of the Federal Open Market Committee of the Federal Reserve System: Now, therefore, be it

1 *Resolved by the Senate and House of Representatives*

2 *of the United States of America in Congress assembled,*

3 That—

4 (1) the Federal Open Market Committee of the

5 Federal Reserve System shall adopt and pursue

6 monetary policies to reduce inflation gradually in

7 order to eliminate inflation by not later than 5 years

8 from the date of the enactment of this legislation

1 and shall then adopt and pursue monetary policies
2 to maintain price stability;

3 (2) inflation will be deemed to be eliminated
4 when the expected rate of change of the general level
5 of prices ceases to be a factor in individual and busi-
6 ness decisionmaking; and

7 (3) the Board of Governors of the Federal Re-
8 serve System shall explain, in its semiannual mone-
9 tary policy report to the Congress, the relationship
10 of its plans for monetary policy, including the ranges
11 for growth or diminution in the money and credit
12 aggregates, to the achievement and maintenance of
13 price stability over time.

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