

105TH CONGRESS
2D SESSION

H. CON. RES. 329

Expressing the sense of the Congress regarding the reduction of the Federal Funds rate by the Federal Open Market Committee.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 23, 1998

Mr. HINCHHEY submitted the following concurrent resolution; which was referred to the Committee on Banking and Financial Services

CONCURRENT RESOLUTION

Expressing the sense of the Congress regarding the reduction of the Federal Funds rate by the Federal Open Market Committee.

1 *Resolved by the House of Representatives (the Senate*
2 *concurring),*

3 **SECTION 1. FINDINGS.**

4 The Congress finds, as of the date of the adoption
5 of this Concurrent Resolution, that—

6 (1) real interest rates are at historically high
7 levels, the highest in 9 years;

8 (2) the Federal Funds rate is 5.5 percent,
9 where it has been since March 1997, despite an in-
10 flation rate of 1.6 percent;

1 (3) between 1992 and 1994, the Federal Funds
2 rate averaged 3.6 percent, while inflation was at 2.8
3 percent;

4 (4) to confirm that real interest rates are his-
5 torically high, the Chairman of the Board of Gov-
6 ernors of the Federal Reserve System, Alan Green-
7 span, said during his Humphrey-Hawkins testimony
8 before the Committee on Banking and Financial
9 Services of the House of Representatives on Feb-
10 ruary 24, 1998, “Statistically, it is a fact that real
11 interest rates are higher now than they have been on
12 the average of the post-World War II period.”;

13 (5) inflation over the 2 years preceding the date
14 of enactment of this Act was at its lowest level since
15 the 1960’s;

16 (6) interest rates on 30-year Treasury bonds
17 have sunk to record lows and are below the Federal
18 funds rate, a signal that the United States economy
19 could be headed for a recession;

20 (7) United States corporate earnings in the sec-
21 ond quarter of 1998 were down 1.3 percent from a
22 year earlier;

23 (8) a reduction in interest rates would increase
24 resources for business growth;

1 (9) the farm debt is at its highest level since
2 1985, and broad commodity price indexes are ex-
3 tremely low;

4 (10) there are significant, widespread signs of
5 global deflation, to which the United States has not
6 been exposed since the Great Depression;

7 (11) there has been a deterioration in a number
8 of economies around the world, which will negatively
9 impact the United States through fewer purchases of
10 United States exports and a greater influx of cheap
11 imports to the United States;

12 (12) the United States economy is a large,
13 healthy economic engine, and if the United States
14 economy does slow, it would be exceedingly difficult
15 for the world-wide economy to recover;

16 (13) a decline in equity values could dampen
17 confidence and slow consumer and business spend-
18 ing, which together represents four-fifths of the
19 United States economy;

20 (14) a decline in United States interest rates
21 would help bolster the currencies of countries
22 throughout the world suffering from economic hard-
23 ships; and

1 (15) a reduction in interest rates would
2 strengthen the United States economy over the next
3 year while the world's weakened economies recover.

4 **SEC. 2. SENSE OF THE CONGRESS REGARDING INTEREST**
5 **RATES.**

6 It is the sense of the Congress that the Federal Open
7 Market Committee should promptly reduce the Federal
8 Funds rate.

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