and we see no sign here of increase in interest rates over the long term, and so we still have found no evidence of inflation anywhere in the economy.

This is a chart that looks quite different, but it is also an indicator that there is no threat of increases in inflation over the long term. This shows the relative value of the United States dollar, the American dollar, against the German mark, and it is high, meaning that we can buy lots of goods from Germany with fewer dollars than we could otherwise. And so this again is an indicator that we do not see inflation any time in the near future.

And finally, a very similar chart which compares the value of our dollar. I am sorry, I guess I have lost a chart, but in any event we have a chart that looks very similar with regard to the value of the United States dollar against the Japanese yen.

So in all of these instances we saw no evidence that inflation is coming, and so through conversations with people who are familiar with the Federal Reserve we began to ask why is it that we would have increases in the interest rates? Why is it that the Fed is again contemplating on next Tuesday the possibility of yet another interest rate rise?

And one of the answers that we got has to do with our industrial production, and means that as we have the capacity to produce goods in our country our industrial complex could some day get to 100-percent capacity. We do not usually operate; in fact, we never really get to 100-percent capacity, but sometimes we could operate at 60-percent capacity or 70-percent capacity, and obviously when the economy is good, as it is right now, we would operate at a higher capacity.

And what the Fed suggested is that we are operating at a very high capacity relative to our ability to produce goods and services and that this could be inflationary because, as we reach toward full capacity, things get so good that inflation could take place. In other words, we cannot produce enough goods to meet the demand that we have and because of the law of supply and demand inflation takes place because there is too much demand for the few goods that we can produce.

And so we put these lines on charts to see if there is a correlation between this capacity, which is called capacity utilization; that is a big word that economists use that frankly I had to learn a while back. But this blue line represents capacity, and we can see here that back in the late 1980's our capacity was at a very high level, somewhere around 85 or 86, a full percent of full capacity, and we are about back at that level again currently.

Now what happened when we were at full capacity back in the late 1980's was that we saw that we had moderate inflation. But today, being at about 85- or 86-percent capacity, the red line, which represents inflation, has gone down, and so the demand for goods and the ability to produce goods has not had a direct influence on inflation, and so when we looked at this and found that the Fed was worried about us producing at a very high capacity and that that might be causing inflation, we said we do not think this is the answer either.

And so it leaves one to conclude that the members of the Fed who are concerned about inflation are concerned that because the economy is doing good, that that somehow translates into a coming period of inflation, and frankly we just do not see the evidence to support that notion. We believe that all of the indicators that I showed my colleagues; we believe that the ability to look at long-term bond rates, for example, and see that they are headed even lower, the ability to look at commodity prices and see that they continue to, as of today, go lower.

The ability to look at the rate of inflation itself, which today continues at a very, very low level, does not indicate that we should have any worries about this economy overheating and, therefore, no thoughts or no thoughts which turn into action about raising interest rates which in turn will have the effect of slowing down the economy.

Mr. Speaker, it is almost like saying we cannot have an economy that grows at 4 percent because, if we do, we will have inflation, and therefore we have to increase interest rates to slow down the economy so we will not have inflation, so we will increase interest rates, increase the level of unemployment, et cetera.

We believe that what we should do is to enter upon a continuation of the policies that we have had since the early 1990's which have provided for a price stability, which has translated into lower interest rates, which lower interest rates have provided an incentive for the economy to grow and continue along the path toward prosperity after the turn of the century.

I guess the other thing that is interesting to note here is that throughout the economic history of our country we have very seldom stayed on a growth line for a prolonged period of time. During the 1980's we had a very long period of growth that lasted from about 1983 to about 1990. When we got into a recession there was a 6 or 7-year period of growth, but then we had a major correction in our economy. We have now been in a period of sustained economic growth since the second quarter of 1991, and our fear is that if the Fed raises interest rates yet again on next Tuesday, that a new trend will have set in. After all, they raised interest rates on March 25, it is now May 20 on Tuesday, and if they raise interest rates again, a trend will have been set toward higher interest rates which cannot be good for a continued economic growth and the continuation of our economic expansion.

Obviously, we think economic expansion is good for American families. Obviously, we think that is because wages have just recently begun to increase after this entire decade of stagnant wages. We think that ought to continue. We also think that families should have the opportunity to avail themselves to low interest rates so that they can buy homes and cars, and you know in a sense if the Fed increases interest rates, it is almost like us increasing taxes because it means families have less disposable income. And of course all of that acts to dampen the American economy.

So, as you listen over this weekend to economic reports in anticipation of next Tuesday when the FOMC meets again, as you listen to different opinions, keep in mind that the charts and the data that I have shown you here this afternoon indicates that inflation is well in check, that the economy continues to grow at something above 4 percent, GDP continues to go up by something above 4 percent, that interest rates are relatively low at the moment and, we believe, ought to continue there, but most importantly the Federal Reserve's primary goal in my opinion and in the opinion, I believe, of most economists in this country should be to control inflation, and it is abundantly clear, at least to me, that we are in a period of controlled inflation, of price stability quite unlike most long periods of economic growth that we have seen in the past, and it is my hope and I think the hope of most Americans that we can continue to enjoy this period of economic prosperity and relatively low interest rates.

ADJOURNMENT TO MONDAY, MAY 19, 1997

Mr. SAXTON. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 2 p.m. on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

HOUR OF MEETING ON TUESDAY, MAY 20, 1997

Mr. SAXTON. Mr. Speaker, I ask unanimous consent that when the House adjourns on Monday, May 19, 1997, it adjourn to meet at 10:30 a.m. on Tuesday, May 20, for morning hour debates.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

HOUR OF MEETING ON WEDNESDAY, MAY 21, 1997

Mr. SAXTON. Mr. Speaker, I ask unanimous consent that when the House adjourns on Tuesday, May 20, 1997, it adjourn to meet at 9 a.m. on Wednesday, May 21, for the purpose of receiving in this Chamber former Members of Congress.