

## CONGRESS OF THE UNITED STATES

## Joint Economic Committee

JIM SAXTON, CHAIRMAN

CHRISTOPHER FRENZE
EXECUTIVE DIRECTOR

## PRESS RELEASE

For Immediate Release September 29, 1998 Press Release #105-176 Contact: Daniel Guido (202) 224-0379

## SAXTON APPLAUDS LOWERED INTEREST RATES AS A STEP IN RIGHT DIRECTION

WASHINGTON, D.C. – Joint Economic Committee (JEC) Chairman Jim Saxton (R-N.J.) applauded today's move by the Federal Reserve to reduce interest rates.

"In my view, the Fed could have moved earlier to cut interest rates, and I would have supported a larger reduction. This may be, however, the first of several interest rate cuts by the Fed, which I would both encourage and support under the right circumstances," Saxon said. "Today's action was a step in the right direction.

"Rate cutting is desirable now because inflation is not a problem. Inflation indicators used by the JEC do not show current inflation or future inflation in the pipeline. These indicators actually show continued disinflation and the potential for future deflation. The Fed's interest rate cuts are an insurance policy against future deflation.

"In recent years the Fed has done a good job of reducing inflation to a low level and keeping it there within a narrow range. This policy has reduced interest rates, sustained the economic and employment expansion, and generated revenue to balance the budget. The policy of keeping inflation low and targeting it within a narrow range has proved itself. This policy would be institutionalized by the inflation targeting legislation I have introduced," Saxton said.

###