



CONGRESS OF THE UNITED STATES

# *JOINT ECONOMIC COMMITTEE*

JIM SAXTON, CHAIRMAN

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## PRESS RELEASE

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### SAXTON RENEWS CALL FOR INTEREST RATE CUT

WASHINGTON, D.C. – A cut in interest rates by the Federal Reserve was called for today by **Joint Economic Committee (JEC) Chairman Jim Saxton (R-N.J.)**. Saxton noted that the same factors which prompted his call for lower interest rates last winter are even more compelling in the current economic climate.

“An interest rate cut would be a reasonable response to current economic developments,” Saxton said. “There is no sign of inflation currently or for the foreseeable future in the measures monitored by the JEC. The forward-looking indicators we use to gauge the potential for future inflation, instead, show disinflation and a building potential for deflation. The recent plunge in bond yields to historic lows further reinforces this disinflation scenario.”

In addition to the standard price indexes that show no inflation, the JEC uses forward-looking indicators to gauge future trends in prices. These forward-looking indicators — commodity prices, the dollar and bond yields — have been the basis of Saxton’s statements on monetary policy. Taken together, these indicators have suggested since last winter that an interest rate cut by the Federal Reserve would be appropriate. Since that time, these same indicators have signaled even more strongly that an interest rate cut would be prudent.

“As I have said many times, the gradual disinflationary policy of the Federal Reserve has provided great benefits to the U.S. economy,” Saxton said. “While agreeing with the thrust of Federal Reserve policy, I have believed since last winter that an adjustment in policy should be considered.”

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