



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

JIM SAXTON, CHAIRMAN

CHRISTOPHER FRENZE
EXECUTIVE DIRECTOR

PRESS RELEASE

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Contact: Dan Lara
(202) 224-0381

OPENING STATEMENT CHAIRMAN JIM SAXTON (R-N.J.) JOINT ECONOMIC COMMITTEE HEARING ON "THE EMPLOYMENT SITUATION: MAY 1998"

WASHINGTON, D.C. -- Commissioner Abraham, it is again a pleasure to welcome you and your colleagues before the Joint Economic Committee (JEC).

The data released today show solid gains for American workers. The closely watched payroll survey posted an employment increase of 296,000. The unemployment rate remained at 4.3 percent, its lowest level since the Nixon Administration.

The data released today confirm the continuation of the business cycle expansion that began in 1991. As I have pointed out many times before, this expansion has been sustained and lengthened by the non-inflationary policy of the Federal Reserve.

In recent quarters, the Federal Reserve has held short-term interest rates steady, resisting the calls of some for higher interest rates. The research of the JEC supports this current stance of Federal Reserve policy and supports its continuation into the future. The forward-looking price indicators used by the JEC -- bond yields, commodity prices, and the dollar -- show no signs of inflation or inflation expectations.

There is no evidence of inflation that would justify a Federal Reserve interest rate hike at this time. Current Federal Reserve policy is sound and should be maintained. The potential dangers of a tightening in monetary policy are especially important given the current strength of the dollar and resulting implications for the economies of other nations. Federal Reserve policy should stay on its current course.

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