

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.

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IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 23, 1998

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

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## 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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