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SAXTON RENEWS CALLS FOR INTEREST RATE CUT

WASHINGTON, D.C. – Joint Economic Committee (JEC) Chairman Jim Saxton (R-N.J.) today again called for a reduction in interest rates by the Federal Reserve. The market price indicators used by the JEC signal disinflation continues and deflation is a potential danger.

“Given the international economic situation, decisive action is needed,” Saxton said. “A cut in interest rates would be insurance against worldwide deflation and would have a calming effect on world markets.”

“On the other hand, there is no evidence that shoveling more money into the International Monetary Fund, (IMF) will have any positive effect. Indeed, the failure of the IMF program in Russia did much to trigger the current turmoil. Furthermore, despite misleading Administration statements, the IMF is not destitute.

“Even after the Russian loan, the IMF has \$39 billion in quota resources, \$15 billion in a credit line, and \$32 billion in gold. This totals \$86 billion, an impressive sum even if not all of it can be loaned immediately. The central issue is that the IMF needs to be fundamentally reformed, starting with more transparency and the use of market interest rates,” Saxton said.

“Senator Everett Dirksen once said a ‘billion here, a billion there, and pretty soon you’re talking real money.’ Before we donate another \$18 billion to an agency that has as poor a track record as the IMF, we must pass the IMF reform measures the JEC has proposed,” Saxton said.

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