and we see no sign here of increase in interest rates over the long term, and so we still have found no evidence of inflation anywhere in the economy.

This is a chart that looks quite different, but it is also an indicator that there is no threat of increases in inflation over the long term. This shows the relative value of the United States dollar, the American dollar, against the German mark, and it is high, meaning that we can buy lots of goods from Germany with fewer dollars than we could otherwise. And so this again is an indicator that we do not see inflation any time in the near future.

And finally, a very similar chart which compares the value of our dollar. I am sorry, I guess I have lost a chart, but in any event we have a chart that looks very similar with regard to the value of the United States dollar against the Japanese yen.

So in all of these instances we saw no evidence that inflation is coming, and so through conversations with people who are familiar with the Federal Reserve we began to ask why is it that we would have increases in the interest rates? Why is it that the Fed is again contemplating on next Tuesday the possibility of yet another interest rate rise?

And one of the answers that we got has to do with our industrial production, and means that as we have the capacity to produce goods in our country our industrial complex could some day get to 100-percent capacity. We do not usually operate; in fact, we never really get to 100-percent capacity, but sometimes we could operate at 60-percent capacity or 70-percent capacity, and obviously when the economy is good, as it is right now, we would operate at a higher capacity.

And what the Fed suggested is that we are operating at a very high capacity relative to our ability to produce goods and services and that this could be inflationary because, as we reach toward full capacity, things get so good that inflation could take place. In other words, we cannot produce enough goods to meet the demand that we have and because of the law of supply and demand inflation takes place because there is too much demand for the few goods that we can produce.

And so we put these lines on charts to see if there is a correlation between this capacity, which is called capacity utilization; that is a big word that economists use that frankly I had to learn a while back. But this blue line represents capacity, and we can see here that back in the late 1980's our capacity was at a very high level, somewhere around 85 or 86, a full percent of full capacity, and we are about back at that level again currently.

Now what happened when we were at full capacity back in the late 1980's was that we saw that we had moderate inflation. But today, being at about 85- or 86-percent capacity, the red line, which represents inflation, has gone down, and so the demand for goods and the ability to produce goods has not had a direct influence on inflation, and so when we looked at this and found that the Fed was worried about us producing at a very high capacity and that that might be causing inflation, we said we do not think this is the answer either.

And so it leaves one to conclude that the members of the Fed who are concerned about inflation are concerned that because the economy is doing good, that that somehow translates into a coming period of inflation, and frankly we just do not see the evidence to support that notion. We believe that all of the indicators that I showed my colleagues; we believe that the ability to look at long-term bond rates, for example, and see that they are headed even lower, the ability to look at commodity prices and see that they continue to, as of today, go lower.

The ability to look at the rate of inflation itself, which today continues at a very, very low level, does not indicate that we should have any worries about this economy overheating and, therefore, no thoughts or no thoughts which turn into action about raising interest rates which in turn will have the effect of slowing down the economy.

Mr. Speaker, it is almost like saying we cannot have an economy that grows at 4 percent because, if we do, we will have inflation, and therefore we have to increase interest rates to slow down the economy so we will not have inflation, so we will increase interest rates, increase the level of unemployment, et cetera.

We believe that what we should do is to enter upon a continuation of the policies that we have had since the early 1990's which have provided for a price stability, which has translated into lower interest rates, which lower interest rates have provided an incentive for the economy to grow and continue along the path toward prosperity after the turn of the century.

I guess the other thing that is interesting to note here is that throughout the economic history of our country we have very seldom stayed on a growth line for a prolonged period of time. During the 1980's we had a very long period of growth that lasted from about 1983 to about 1990. When we got into a recession there was a 6 or 7-year period of growth, but then we had a major correction in our economy. We have now been in a period of sustained economic growth since the second quarter of 1991, and our fear is that if the Fed raises interest rates yet again on next Tuesday, that a new trend will have set in. After all, they raised interest rates on March 25, it is now May 20 on Tuesday, and if they raise interest rates again, a trend will have been set toward higher interest rates which cannot be good for a continued economic growth and the continuation of our economic expansion.

Obviously, we think economic expansion is good for American families. Obviously, we think that is because wages have just recently begun to increase after this entire decade of stagnant wages. We think that ought to continue. We also think that families should have the opportunity to avail themselves to low interest rates so that they can buy homes and cars, and you know in a sense if the Fed increases interest rates, it is almost like us increasing taxes because it means families have less disposable income. And of course all of that acts to dampen the American economy.

So, as you listen over this weekend to economic reports in anticipation of next Tuesday when the FOMC meets again, as you listen to different opinions, keep in mind that the charts and the data that I have shown you here this afternoon indicates that inflation is well in check, that the economy continues to grow at something above 4 percent, GDP continues to go up by something above 4 percent, that interest rates are relatively low at the moment and, we believe, ought to continue there, but most importantly the Federal Reserve's primary goal in my opinion and in the opinion, I believe, of most economists in this country should be to control inflation, and it is abundantly clear, at least to me, that we are in a period of controlled inflation, of price stability quite unlike most long periods of economic growth that we have seen in the past, and it is my hope and I think the hope of most Americans that we can continue to enjoy this period of economic prosperity and relatively low interest rates.

ADJOURNMENT TO MONDAY, MAY 19, 1997

Mr. SAXTON. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 2 p.m. on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

HOUR OF MEETING ON TUESDAY, MAY 20, 1997

Mr. SAXTON. Mr. Speaker, I ask unanimous consent that when the House adjourns on Monday, May 19, 1997, it adjourn to meet at 10:30 a.m. on Tuesday, May 20, for morning hour debates.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

HOUR OF MEETING ON WEDNESDAY, MAY 21, 1997

Mr. SAXTON. Mr. Speaker, I ask unanimous consent that when the House adjourns on Tuesday, May 20, 1997, it adjourn to meet at 9 a.m. on Wednesday, May 21, for the purpose of receiving in this Chamber former Members of Congress.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

AUTHORIZING THE SPEAKER TO DECLARE RECESS ON WEDNESDAY, MAY 21, 1997

Mr. SAXTON. Mr. Speaker, I ask unanimous consent that it may be in order for the Speaker to declare a recess, subject to the call of the Chair, on Wednesday, May 21, 1997, for the purpose of receiving in this Chamber former Members of Congress.

The SPEAKER pro tempore. Is there objection to the request?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. SAXTON. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

PERMISSION FOR COMMITTEE ON THE BUDGET TO HAVE UNTIL MIDNIGHT SUNDAY, ON MAY 18, 1997, TO FILE REPORT ON CONCURRENT RESOLUTION ON THE BUDGET

Mr. SAXTON. Mr. Speaker, I ask unanimous consent that the Committee on the Budget may have until midnight Sunday, May 18, 1997, to file a privileged report to accompany a concurrent resolution on the budget.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Ms. DEGETTE (at the request of Mr. GEPHARDT), for today, on account of official business.

Mr. MANTON (at the request of Mr. GEPHARDT), for today, on account of official business.

Mr. GILLMOR (at the request of Mr. ARMEY), for today on account of personal business.

Mr. WATTS of Oklahoma (at the request of Mr. ARMEY), for today after 10:45 a.m., on account of son's graduation.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. MCNULTY) to revise and extend their remarks and include extraneous material:)

Mr. PALLONE, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

(The following Members (at the request of Mr. BOB SCHAFFER of Colorado) to revise and extend their remarks and include extraneous material:)

Mr. JONES, for 5 minutes each day on May 20 and 21.

Mr. MCCOLLUM, for 5 minutes, on May 20.

Mrs. MYRICK, for 5 minutes, today.

Ms. ROS-LEHTINEN, for 5 minutes, on May 20.

Mr. SCARBOROUGH, for 5 minutes, today.

Mr. MANZULLO, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. WISE, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. MCNULTY) and to include extraneous matter:)

Mr. TORRES.
Mrs. KENNELLY of Connecticut.
Mr. RANGEL.
Mr. HAMILTON.
Mr. LANTOS.
Mr. UNDERWOOD.
Mrs. LOWEY.
Mr. KLECZKA.
Mr. PAYNE.
Mr. FARR of California.
Mr. FAZIO of California.

(The following Members (at the request of Mr. BOB SCHAFFER of Colorado) and to include extraneous matter:)

Mr. GEKAS.
Mr. EHRLICH.

The following Members (at the request of Mr. SAXTON) to revise and extend their remarks and include extraneous material:)

Mr. EVERETT in two instances.
Ms. DELAURO.
Mr. LAHOOD.
Mrs. LINDA SMITH of Washington.
Mrs. JOHNSON of Connecticut.
Mr. BEREUTER.
Mr. ACKERMAN.
Mr. CASTLE.
Mr. DUNCAN.
Mr. FARR of California.
Mr. FAZIO of California.
Mrs. TAUSCHER.
Mr. WATTS of Oklahoma.

SENATE BILLS REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 476. An act to provide for the establishment of not less than 2,500 Boys and Girls Clubs of America facilities by the year 2000; to the Committee on the Judiciary.

ADJOURNMENT

Mr. SAXTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 44 minutes p.m.), under its previous order, the House adjourned until Monday, May 19, 1997, at 2 p.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3337. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Pork Promotion, Research, and Consumer Information Order—Increase in Importer Assessments [Docket No. LS–97–001] received May 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3338. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, transmitting the Service's final rule—Tuberculosis in Cattle and Bison; State Designation [APHIS Docket No. 96–093–1] received May 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3339. A letter from the Acting Executive Director, Commodity Futures Trading Commission, transmitting the Commission's final rule—Fees for Applications for Contract Market Designation, Leverage Commodity Registration and Registered Futures Association and Exchange Rule Enforcement and Financial Reviews [17 CFR Parts 1, 5, and 31] received May 13, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3340. A letter from the General Sales Manager, Foreign Agricultural Service, transmitting the Service's final rule—Revised Definition of U.S. Agricultural Commodity for Commercial Export Programs [7 CFR Parts 1493 and 1494] received May 12, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3341. A letter from the Under Secretary of Defense (Comptroller), Department of Defense, transmitting a report of a violation of the Anti-Deficiency Act—Army violation, case number 93–11, which totaled $2.1 million, ocurred at the Lexington Blue Grass Army Depot in Kentucky, when certain individuals improperly classified four buildings as temporary facilities, pursuant to 31 U.S.C. 1517(b); to the Committee on Appropriations.

3342. A letter from the Deputy Executive Director and Chief Operating Officer, Pension Benefit Guaranty Corporation, transmitting the Corporation's final rule—Interest Assumption for Determining Variable-Rate Premium; Interest Assumptions for Multiemployer Plan Valuations Following Mass Withdrawal—received May 12, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

3343. A letter from the Secretary, Federal Trade Commission, transmitting the Commission's final rule—Rule Concerning Disclosures Regarding Energy Consumption and Water Use of Certain Home Appliances and Other Products Required Under the Energy Policy and Conservation Act (''Appliance Labeling Rule'') [16 CFR Part 305] received May 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3344. A letter from the Deputy Secretary, Securities and Exchange Commission, transmitting the Commission's final rule—Custody of Investment Company Assets Outside the United States [Release Nos. IC–22658; IS–1080; File No. S7–23–95] (RIN: 3235–AE98) received May 13, 1997, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.