

March 5, 1980

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SENATOR DeCAMP: Mr. President and members of the Legislature, Senator Johnson and Senator Schmit have raised questions about the whole issue of usury, where we are going, whether any of what we are doing makes any sense. I would agree that it is completely unreasonable, it is insane for me to stand here and ask you to vote for proposals which two months ago would have been criminal, which a year ago would not have gotten two votes out of the entire Legislature, and yet today are being criticized as too modest and probably not adequate. So I think I have a responsibility to try to explain why I think we are even at this point, where we are going to be two months, six months, a year or two years, and whether any of it makes any sense at all. To do that you have to understand what caused the whole situation, and I think we go back to the end of World War II. At the end of World War II the dollar was selected as the monetary cornerstone for the world monetary system, and the theory was very simple. There were X number of dollars in the world, particularly in the United States. They represented X quantity of goods. Of themselves, it was just paper, but it was what they represented. So if there were a hundred dollars over here, there were a hundred pounds of hamburger and all the other things in the United States to give value to those dollars. And to make that system work even further, to give it more credibility and to make it absolutely strong, the United States pledged, at the end of World War II, that our gold supplies in a place called Fort Knox would back up this thing overall and if anybody didn't want to buy goods from the United States they could always redeem it at \$35.00 an ounce in gold. And that system worked pretty good, in fact, it worked really good for a long time. Reason, whenever we printed more money in the United States, we increased through productivity of this country the quantity of goods, more cars, more hamburger, more beef, more everything. So the balance of dollars and the goods they represented was about even. And then about 1960, in the 1960's a new policy was adopted by this country, and I think if I were going to pick one point in history that you don't read about, that few know about, that most Congressmen participated in and couldn't tell you about today, it was one act by a man named Lyndon Baines Johnson that put us where we are today. Lyndon Johnson had something called the Vietnam War. That wasn't what caused the problem directly. What he did was, he said, we can have butter and we can have guns. In other words, we don't have to cut our standard of living, we can go on as we have. But he would have had massive budget deficits had he done that. Lyndon Johnson discovered and coined a new phrase called "direct budgeting", and he discovered something called the social

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