

January 27, 1981

LR 8

on your resolution?

SENATOR BURROWS: Yes. Mr. Speaker, members of the body, in no way does this resolution tie the hands of the Administration in measures other than recommending the interest rates go down, and I think Senator Hefner ably put it that restricting the amount of credit from this side of the economy on the amount, not by putting the high interest rates, would be a much more effective method of controlling inflation. In fact, if you look over the years, years of the highest inflation in land prices have been directly related to the years of highest interest. There has been no relationship between interest rates and controlling inflation. There has been a reverse relationship or a direct relationship with high interest rates and high inflation. High inflation has followed high interest rates. The large corporations that price their products are borrowing over a trillion dollars and when the interest goes up, each one percent of interest is in excess of \$10 billion cost structure to those corporations and they price that through their product until they go broke and have a general bankruptcy sale or that of a major depression. There is no history to support success of high interest rates in controlling inflation. There are more direct moves in jawboning industry and the largest price makers in the nation, and really I don't believe controlling inflation can be discussed intelligently without discussing simple economic power and greed. When we have over two-thirds of the industrial assets of our nation controlled with a hundred and fifty multi-national corporations, we cannot fail to recognize this, and I certainly wish the President a great deal of success in any and all methods he chooses to control inflation and control the economy, but our nation to remain a strong power in the world cannot go into a major depression and survive as the leading power in the world. We cannot survive it and afford military strength in budget to survive a strong and prosperous economy because we get buried in crawling out of the problems that go with depression. Interest rates are not working. They have proven that inflation has gone up more rapidly with the higher interest rates than without them and I think with the problems for the average person, the little people of the nation that go with high interest rates it cannot be justified in any manner, and I think those of us at state level should make every effort to let our voices be heard on this subject. Thank you.

SPEAKER MARVEL: The motion before the House is the adoption of LR 3. All those in favor of that motion vote aye, opposed vote no. Have you all voted? Record the vote.