

February 19, 1981

LB 214

PRESIDENT: So we will go on to the next bill. The next bill is LB 214.

CLERK: Mr. President, 214 was considered by the body. There were E & R amendments adopted on February 17. At that time Senator Johnson made a motion to indefinitely postpone the bill and that is presently what is pending, Mr. President.

PRESIDENT: So properly before us is the motion to indefinitely postpone. The Chair recognizes Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker, members of the body, I did move last week, I believe it was, that...no, it was earlier this week that LB 214 be indefinitely postponed and I did it for these reasons. This country is engaged in a tremendous war right now against inflation. Last night we heard from our President about what he as a President intends to do to combat the inflationary pressures in our country, how he believes that the Kemp-Roth tax cut program will ultimately cause this country to become more productive, cause greater development which in turn will curb inflationary fires, how he believes that cutting federal expenditures and cutting the federal regulatory process will also curb inflationary fires. Now it doesn't make a lot of difference in my mind whether one agrees or disagrees with those points of view. The truth of the matter is that the President correctly realizes inflation is the number one problem in our country today and must be dealt with and must be dealt with with alacrity. Well the Federal Reserve Board has likewise been fighting inflation and its fight against inflation is done in the only way it can do it and it is by curbing credit. What it does very simply is that it raises the federal rediscount rate so that when bankers and other credit extenders go to the Federal Reserve Board for their own money they have to pay higher prices for the money and in paying those higher prices they must then charge their customers more money in higher interest rates and because their customers can't afford those higher interest rates they don't borrow and the credit curtailment basically leads to deflationary pressures. Now as we well know it has had a tremendous effect at this time on home building. Home building has been dramatically reduced by virtue of the Federal Reserve Board actions but one of the major areas that the Federal Reserve Board wants to affect is in consumer credit because it is we consumers that are going out and buying the new automobiles and the new washing machines and a lot of other things at higher and higher and higher prices that continue to keep up the supply push side of inflation. Now