

January 26, 1981

LR 8

Finally, Mr. President, a new resolution, LR 8. (Read. See pages 330 and 331, Legislative Journal.) That will be laid over, Mr. President.

PRESIDENT: All right, it will lay over. Anything further? The Chair recognizes Speaker Marvel.

SPEAKER MARVEL: The motion is to adjourn until Tuesday, January 27, 1981 at 9:00 a.m. You are aware of the committee schedules so that is why the adjournment is till nine o'clock.

PRESIDENT: Motion then is to adjourn until 9:00 a.m. tomorrow morning, Tuesday morning. All those in favor signify by saying aye, opposed nay. We are adjourned until 9:00 a.m., Tuesday morning.

Edited by Arleen McCrory.
Arleen McCrory

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LB 57

which I am totally in agreement with. My amendment stipulates exactly what the consultant's fee is to be charged for. It defines the realm of consultant activities so that the consultant knows exactly what he cannot receive commissions for in addition to the consultant's fee. Are there any other questions?

SPEAKER MARVEL: The motion is the adoption of the....the motion is the advancement of LB 57 to E & R for Review. All those in favor of the motion vote aye, opposed vote no. Record.

CLERK: 31 ayes, 0 nays, Mr. President, on the advancement of the bill.

SPEAKER MARVEL: The motion is carried and the bill is advanced. We now move down to LR 8.

CLERK: Mr. President, LR 8 was offered by....first of all, Mr. President, Senator Hefner would like to have his name added as co-introducer to LR 8.

SPEAKER MARVEL: Hearing no objection, so ordered.

CLERK: Mr. President, LR 8 offered by Senators Burrows and Hefner. It is found on page 330 of the Legislative Journal. (Read LR 8). Mr. President, that is found on page 330 of the Legislative Journal.

SPEAKER MARVEL: The Chair recognizes Senator Burrows.

SENATOR BURROWS: Mr. Speaker and members of the Legislature, I urge the adoption of this resolution. It is a very similar resolution to the one we passed last spring. It is in the very end of the Legislative Journal, on the last two pages of yesterday's Legislative Journal. We have a tremendous economic problem right now in our nation and as this started to grow here a year ago and become serious, there was an endorsement and the Federal Reserve System moved to raise interest rates, a replica of what happened in 1929 before the last major depression of trying to cover the economy by raising interest rates to control inflation. Now the large corporations take this interest bill and feed it back into the cost structures of the commodities they sell. The little people, the poor, the smaller farmers, the small businesses across this nation now are being saddled with interest rates they cannot carry, they cannot pass on and the homebuilder and the homeowner are getting an impossible situation. Our unemployment in the homebuilding industry and the auto industry, the two specifics, is becoming a tremendous burden

on the nation and there is no way of turning it around in a practical fashion without putting the interest rates back down to where people can afford to buy homes, where they can afford to buy a new automobile on credit, and if this goes on, we have here in Lincoln the Goodyear... we have the rubber workers out with nearly 500 people out of work as a present follow down of what has happened to the auto industry, and if this isn't turned around immediately, I am hoping the administration this time will listen to our resolution. I would like to refer to a trip back to Washington this fall, and we had a meeting of the Rural Development Committee in the Council of State Legislatures and the discussion of interest rates came up, and of the State Senators in this meeting no one voiced an opinion but what it was an immediate need that the interest policies come down to keep the economy going and to stimulate more activity in the economy. Now, the people that came before us from congressional offices and in Washington seemed somehow to be insulated from the problems that are directly interest rate related. I think for the State Legislature to send this back with President Reagan coming into office at least can give our voice in a unanimous and strong vote and show that the interest policies are really handicapping the cities, the citizens of this state, and the national economy as a whole. I think it is the most important single thing that must happen in the U.S. today is to reduce the interest rates and even though we can only voice opposition to what is happening, I think it is extremely important we have our voice heard and send it on to Washington to the President, to the members of the Federal Reserve Board and to the Congress. I thank you and urge the passage of this resolution and would invite any and all that want their name on the resolution to add it as such. Thank you.

SPEAKER MARVEL: Senator Hefner.

SENATOR HEFNER: Mr. President, members of the body, I rise in support of this resolution and I thank the body for letting me add my name to it as a co-introducer. In this day and age and right now particularly agriculture, business, industry and even individuals I do not feel can survive at this high a rate of interest. Interest at the present time is hovering right around the 20 percent mark and I don't think that we can afford to pay this. And what it does, it makes the rich richer, and it gives the ones that are trying to survive a real tough time. Several months ago, or maybe it was longer than that, I wrote to the Chairman of the Federal Reserve Board and I have been having correspondence with the

Board and they realize that it is quite a problem. Okay, how do we go about handling this problem? They are using the high interest rates to try and control inflation, but I submit to you here today that it isn't doing this, it isn't holding down the inflation rate, and so I think we need to use a different procedure, and so I recommended to them that we have a larger down payment, demand those that are buying on credit to pay a larger amount of money down, and also to use a shorter time to pay in. This has been used before and it has worked successfully. Okay, what else can we do? I think that we need to balance our federal budget so that the federal government will not be in the money market competing with agriculture or business or industry, or the individuals for this money. I think that our current new administration, President Reagan and the Congress, need to jawbone the Federal Reserve Board into lowering these interest rates. I think this is a good resolution and I certainly urge you to support it.

SPEAKER MARVEL: Senator DeCamp.

SENATOR DeCAMP: Mr. President, I am put in a very difficult position on this particular resolution, because the resolution says what we would all like. We would like lower interest rates. We would like inflation controlled. Basically, we would all like Paradise, but I think that as long as we are discussing the resolution, as long as we have got some time here this morning, I think we have an obligation as individual legislators to understand the whole picture and it is kind of a Catch-22 dilemma. You remember Catch-22, the pilot over in World War II, I think his name was Yossarian, and he was a flier there. In order to get out of the war you had to be crazy but the only way you could prove you were crazy was if you went and said, I am crazy, at which point they would say, aha, you are clever enough to know you are crazy, therefore you are really not crazy. So you could never get over the hurdle. You were caught on the horns of a dilemma, so to speak. You have got the same dilemma here. Inflation is basically caused by more money chasing fewer goods and printing of money. If you have a hundred oranges over here and a hundred dollars over here representing the whole economy, let's say, then your oranges are worth about a dollar apiece. If a year later your oranges have only increased to one hundred and five but you have printed dollars up to one hundred and thirty-five, then you can see it takes more dollars for the same orange even though your orange didn't become any more valuable as such, you just had more dollars chasing a limited number. And that is what the whole

American economy has been about for a number of years, and we have called it deficit financing at the federal level, whether it is twenty billion or forty billion, or this year sixty billion, and estimates up to a hundred billion. Now, what have they finally decided as one of the tricks, techniques, whatever, to stop that particular thing from occurring? In other words, the printing of money, by making it so expensive, by making it so expensive that you would quit borrowing it; therefore, you would quit having as much in circulation, therefore, you would slow down inflation. We saw an experiment to lower those interest rates which we all kind of knew was coming during the last election. When Jimmy Carter decided it was time to take the big shot, we plummeted those rates, inflation took off again and that is where we are today. So, yes, we would love lower interest rates and yes, indeed, I have stated on this floor and stated elsewhere that the high interest rates are going to make a number of people bankrupt, may even create a depression, quite frankly. In fact, I think we are on a mini depression now and we may be in a major depression before the end of this session. But the alternative dramatically dropping interest rates and opening up unlimited credit again may be worse than somewhat. You may blow the whole economy out if you have inflation continue at the double digit. So, sure I like the resolution, sure I like the idea. As a practical matter, I think from some conversations I have had with some people, the Reagan Administration is going to take precisely the opposite approach with the Federal Reserve. The jawboning is going to be with the Federal Reserve to maintain whatever they think is necessary, high interest rates, until they slow things down enough to where we get inflation under control. I am not going to vote on the resolution one way or another, quite frankly, because as I say, I think it asks for Paradise but it is like the cancer patient, you give them a shot of Demerol and a couple of good pain pills, you are not curing his cancer, you are simply dulling the pain and making him think...making him think he is feeling better when, in fact, the cancer keeps growing. The best thing for cancer is surgery or hard medicine and that may be very well what the whole American economy has to go through and it may mean somewhat of a depression or a very severe recession, and I think we had all better recognize that as individual legislators because I think we are going to be faced as individual legislators with having to try to solve problems one after another as they develop these next five to six months.

SPEAKER MARVEL: Senator Burrows, do you wish to close

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 8. All those in favor of that motion vote aye, opposed vote no. Have you all voted? Record the vote.

January 27, 1981

LR 8
LB 60, 71, 332

CLERK: 28 ayes, 0 nays on adoption of LR 8, Mr. President.

SPEAKER MARVEL: The motion is carried and the resolution is adopted. Underneath the south balcony it is my privilege to introduce Frank Bemis who has one of the easier jobs in government as Douglas County Assessor. Frank, are you back there? Well, he was. And Bob Galloway who is also with the Douglas County Assessor's Office. There are some items on the Clerk's desk.

CLERK: Mr. President, a series of materials. First of all, your Committee on Education gives notice of public hearing for February 2 and 3. (Signed) Senator Koch, Chairman. (See pages 336 and 337 of the Legislative Journal.) Your Committee on Public Works gives notice of public hearing in Room 1515 for February 4, 11, 19, 20, 25, 26, 27 and March 4.

Mr. President, your Committee on Enrollment and Review respectfully reports they have carefully examined and reviewed LB 60 and recommend that same be placed on Select File, LB 71 placed on Select File. (Signed) Senator Kilgarin, Chairman. Your Committee on Appropriations gives notice of public hearing for February 3, 5, 6, 17, 27, and March 3. (See pages 335 and 336 of the Legislative Journal.)

Mr. President, Senator Vickers asks unanimous consent to have his name added to LB 332 as co-introducer.

SPEAKER MARVEL: No objection, so ordered.

CLERK: Mr. President, Senator Rumery would like to remind the Appropriations Committee that they have a meeting at 10:30 this morning. That is Appropriations at 10:30. Thank you.

Mr. President, finally I have a Reference Report from the Reference Committee referring LBs 402 to 532. (See pages 337 through 340 of the Legislative Journal.)

SPEAKER MARVEL: If there are any reports from the Chairmen, we can wait a few minutes, otherwise we are ready to adjourn. The Legislature will be at ease for a few moments.....until 10:30 and then we will adjourn.

CLERK: That is all I have, Mr. President.

SPEAKER MARVEL: Senator Wagner, will you adjourn us

January 28, 1981

LR 8
LB 1, 2, 60

PRESIDENT LUEDTKE PRESIDING

PRESIDENT: Prayer by Reverend Palmer.

DR. PALMER: Prayer offered.

PRESIDENT: Roll call. Record the presence, Mr. Clerk.

CLERK: Quorum present, Mr. President.

PRESIDENT: Quorum being present, are there any corrections to the Journal?

CLERK: The Journal is without error the morning, Mr. President.

PRESIDENT: We will have to let the record show that and are there any messages, reports or announcements.

CLERK: Mr. President, just one, LR 8 is ready for your signature.

PRESIDENT: While the Legislature is in session and capable of doing business, I propose to sign and I do sign LR 8. We are ready then for agenda item #4, Select File, and we will take up the bills on Select File, Mr. Clerk, beginning with LB 1.

CLERK: I have no E & R amendments, Mr. President.

PRESIDENT: Senator Lamb, could we just ask you as Senator Kilgarin is not present, why don't we just have you move LB 1. There are no E & R amendments, Senator Lamb, so just move it ahead.

SENATOR LAMB: Mr. President, members of the Legislature, I move that LB 1 be advanced.

PRESIDENT: Motion is to advance LB 1 to E & R for engrossment. Is there any discussion? All those in favor signify by saying aye, opposed nay. LB 1 is advanced to E & R for engrossment. LB 2. Senator Lamb.

SENATOR LAMB: Mr. President, members of the Legislature, I move that LB 2 be advanced to E & R for engrossment.

PRESIDENT: Motion to advance LB 2 to E & R for engrossment. Is there any discussion? If not, all those in favor signify by saying aye, opposed nay. LB 2 is advanced to E & R for engrossment. Next is LB 60. Senator Lowell Johnson, is he