

Interview

Rep. Bailey on U.S. growth needs

The following excerpted interview with Rep. John Bailey (D-Pa.) was conducted by Barbara Dreyfuss.

EIR: Congressman, you just returned from the Wehrkunde meeting in West Germany where Herr Ruehl, speaking for the German government, indicated that Germany would like to contribute more to defense but is hampered by their economic difficulties caused by high U.S. interest rates. You are a cosponsor of Rep. Ronald Mottl's resolution calling for lower interest rates.

Rep. Bailey: I am one of those who have doubts about the value of high interest rates. There are other things we can do to break inflation. We can make the U.S. attractive for investment with things like tax incentives, tax credits, refundable credits to spur investments. We have a poor depreciation schedule. It is hurting our domestic investment and doesn't make us attractive for foreign investment. I don't think that high interest rates are productive. The problem is lack of capital formation and investment. We have to put technology in the field for betterment worldwide.

EIR: West German Chancellor Helmut Schmidt has repeatedly stated over the last several weeks that high interest rates are crippling the German economy. Would you comment on that?

Rep. Bailey: I would say to Schmidt that if his reasoning is solid on the role interest rates here play on their country then he would have the right to complain.

There is no question that this country and Reagan have got to understand the international implications of all these things. When I went to the Wehrkunde meeting it was eye-opening. . . . They deal with these problems on an international level and we are a little blind to that.

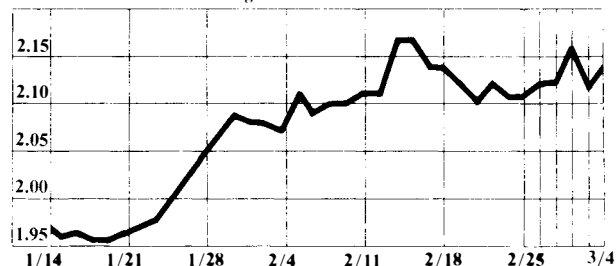
EIR: The German finance ministry has called for an interest-rate disarmament conference. Would you agree with that?

Rep. Bailey: What is the harm of sitting down and talking? Of course I support it. The world economy is interdependent and we are asking for a crisis unless we establish institutions to deal with the international economy, resources flow, monetary system, trade balances. Americans have to learn about world markets.

Currency Rates

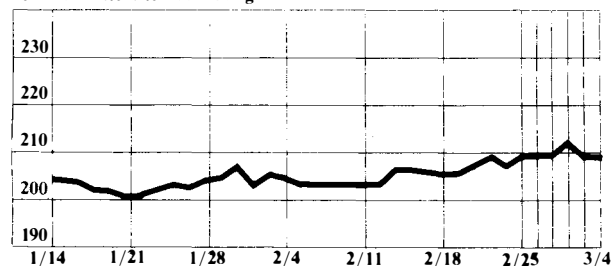
The dollar in deutschemarks

New York late afternoon fixing



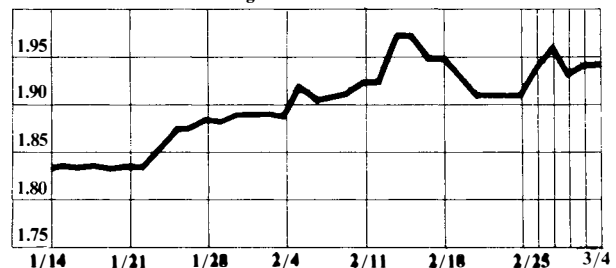
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

