O'Neill indicate that, while they think it is acceptable for Senate Democrats to wage guerrilla warfare on interest rates since they are the *minority* in that chamber, it would be "irresponsible" for the House Democratic *majority* leadership to "impede" the legislative process with such tactics. Behind that rather incredible reasoning stands the House liberals' hope to keep the party focused on the divisive budget issue and to provide further grounds for alienating and eventually censuring or expelling the conservative House Democrats.

Documentation

Clamor against Paul Volcker

The following are excerpts from testimony on the "Effect of High Interest Rates on Maryland Communities," delivered at hearings of the Joint Economic Committee's Subcommittee on Investment, Jobs and Prices in Annapolis, Maryland Aug. 31 and Sept. 1. The hearings were chaired by Maryland Democrat Sen. Paul Sarbanes.

From the statement of Hugh H. Gambrill, president, Anne Arundel County Chapter, Home Builders Association of Maryland:

I am here today to protest the high interest-rate policy of the Federal Reserve Board and to urge the administration and Congress to take whatever action is necessary to change their cruel and senseless policy.

Because of the policies of the Federal Reserve Board, in Anne Arundel County, building permits through July of this year are down as much as 50 percent from previous years and getting worse. In a county such as Anne Arundel. . . . The full economic impact can be calculated to be at least $500 million. This means that with building activity off by more than 50 percent from where it should be, the loss to the county [using a standard multiplier] is more than a quarter billion dollars.

In human terms it is worse. . . . For Anne Arundel County . . . the current drop in building means the loss of more than 3,000 jobs.

In conclusion, I feel that if this does not get the attention of elected officials now, I think that elected officials will be dealing with it this time next year.

From the statement of Henry A. Spies, Jr., Cordova, Maryland farmer:

Agriculture is the nation's largest industry. . . . The American farmer is the most efficient producer on earth. . . . The future of agriculture and the foundation of the American farm family is in serious jeopardy. . . .

Machinery ownership costs are primarily determined by prices of machinery and by interest rates. Increases in both of these items caused machinery ownership costs to rise by more than 20 percent in 1980 with an additional projected increase of 14 percent in 1981. . . . Farmers electing to store cash grains will find that interest costs will nearly equal the storage and insurance costs. . . . Farmers are reporting that their annual interest-rate payments exceed the amount paid on the principal. . . .

Many have asked the question, "Is the American farmer secretly going broke?" The response by the farmer: "Heck, no; the whole town knows I'm going broke."

From the statement of Joel A. Boren, general manager and chief executive officer of Marva Production Credit Association and The Federal Land Bank Association of Salisbury, Maryland:

The Delmarva farmer, as well as other farmers throughout the country, over the past five years, have seen interest rates soar from short-term operating-type loans in January 1976 of 8½ percent to the present level of 16½ percent. . . . Many farmers in our area have fought back in many ways: 1) Reduced amount of fertilizer and chemicals used. This can be done for a year or so, but detrimental effects will be noted if this practice is continued for an extended period; 2) The ideal of being debt-free, not owing anyone, is now a thing of the past. Farmers must now schedule payments they can meet, which means longer-term loans; 3) The selling off of timber and applying proceeds to debt. Timber does not grow at a rate that will offset interest rates.

Excerpts of testimony by Alan Thomas Fell, commissioner of consumer credit in Maryland's Department of Licensing and Regulation:

Record-high interest rates have affected Maryland consumers in the following ways: 1) These record rates have raised the cost of consumer goods to both cash and credit customers. Merchants and manufacturers have had to raise the cost of goods since their cost of carrying inventories has become almost prohibitive. In addition, most merchants are . . . forced to raise their retail prices, in effect, subsidizing the credit purchasers; 2) Installment sellers are finding it difficult to sell their financing contracts or hold their own paper. These merchants have been calling our office in record numbers.

From the statement by Sen. Paul Sarbanes:

The problems created by continuing high interest rates are approaching crisis proportions. . . . The damage thus far is serious; and, if conditions are not soon improved, will be irreparable. Enterprises which have been an important asset to their respective communities, an important economic resource, will be lost.