

It simply is not true that higher interest rates act as a curb upon inflation. Quite the contrary, as stated above, they add to the price of practically every item in the economy. The only real reason for increasing interest rates is because the Federal Reserve System and the lending institutions have the power to increase them. Higher rates are not needed for the sake of economic prosperity of banks or other lending institutions. Their rate of return to investors was higher than the return to most investors when interest rates were much lower than they are now.

There is probably no single economic influence which can encourage the high level of productive activity which our country so critically needs as much as a low interest rate can do. It is earnestly to be hoped that the Joint Economic Committee will urge upon all agencies of our Government as well as the Federal Reserve System a prompt reversal of the present high interest policy.

