

91% Of Firms Say Lower Interest Rates Wouldn't Do Anything

Rob Wile | Sep. 12, 2012, 9:39 AM | 336 | 3

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Ninety-one percent of firms say their spending plans would not change if the Fed successfully lowered their interest rates by 1 percentage point, [according to a Duke University/CFO.com survey](#).

Eighty-four percent say a 2 percent rate reduction would not affect their spending plans, the survey found.

"I think the Fed has pretty much pulled all the levers that it can," Greg Bupp, CFO at Eclipse, a manufacturer of industrial heating products based in Rockford, Illinois, [told CFO.com](#).




joemurphy on flickr

What will it take for CFOs to commit to greater hiring and capital spending numbers? "I would say Europe getting its act together as well as Congress doing something to set a direction in terms of fiscal policy," says Bupp.

Last week, CFO.com [published](#) a survey of 213 senior finance executives showing just 8% are certain they will increase full-time employment in 2013; 51% said it was likely.

"This is stark evidence that QE3 would be a wasted effort," says Greg Bupp, a senior finance professor at Duke's Fuqua School of Business and a CFO. "The CFOs are saying that it is naïve for the Fed to think that lowering interest rates will spur investment in current economic conditions. I certainly don't think that will spur investment for their Sept. 13 meeting." He called it "amazing that all the focus is on interest rates."

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Quantitative Easing

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Summary

The term quantitative easing (QE) describes a form of monetary policy used by central banks to increase the supply of money in an economy when the bank interest rate, discount rate and/or interbank interest rate are either at... [More »](#)



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Rob Wile

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Pat Hudgins on [Sep 12, 9:55 AM](#) said:

It's time for the Fed to take a siesta or find a dark room without a view, lock themselves in and play checkers.

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Let me rephrase that on [Sep 12, 10:25 AM](#) said:

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@[Pat Hudgins](#): The Fed's mandate is to create maximum employment at a reasonable inflation rate. That's absolute

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bullshit because employment results from demand and only from demand. You can lower interests to zero for 100 years but if people are dirt poor and can't afford anything employment will never grow.

Inflation is the most perverse of all taxes because you can't take revenge on any politician at election time. Who are you going to blame?

The Fed's real mission is to create inflation to fund government. It maintains a fluctuating tax on all of us. It hasn't stopped the endless cycle of booms and busts. Some scholars say that it has actually made the problem worse.

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fresno dan on [Sep 12, 11:58 AM](#) said:

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Say I could borrow at near 0% (LIKE BANKS!) - actually, the Banks get paid interest on their reserves, so it is less than zero...

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<http://www.nytimes.com/interactive/2012/08/08/business/dealbook/windfall-for-mortgage-originators.html>

Now, even if I could borrow at zero, I'm gonna have a tough time paying it back, because

<http://www.ritholtz.com/blog/2012/09/the-middle-class/>

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