

May 13, 1981

LB 376

business loan was less than \$10,000. Today it would average probably ten to twenty times that. As business has grown and agriculture has grown, the banking industry needs to have the opportunity to grow to meet the capital needs of the customers. I don't think anyone in this room or anyone outside of this room or in the State of Nebraska has any doubt about whether or not the banking system and the bankers are going to survive. I don't think any banker is going to go broke because of the passage or the failure to pass this bill. The thing that is important I think is to look at the failure of businesses and the possibility of business and agricultural failures if capital is not available. Capital is like water. It flows and it flows in this instance not to the lowest point but to the point where the highest interest rates are paid and where the need is greatest, and the ability to facilitate the movement of that capital is important. Now several of these banks who oppose the structure change speak in terms of how well the system has worked. I have only commendation for the vast majority of the banks of Nebraska who have worked hard and long to provide for the capital needs of all of us but times change, businesses change, and the banking industry must change. As has been evidenced that it has changed, the fact is it has changed in the last few weeks. We recognize that the kind of interest rates we have today are a serious threat to the security of most businesses and most farms. We recognize it is going to require the united effort of all sources of credit, all financial institutions, if we can get interest cost back down to a reasonable level...

PRESIDENT: One minute, Senator.

SENATOR SCHMIT: ...and we can reduce inflation costs to a point where we can survive. But I want to say this that as business, industry and agriculture change, so must the banking industry change. If it does not change, it is going to be carried and dragged screaming and kicking and hollering into the next century because the source of credit that we need is going to find that market, and if we don't find it from the Nebraska banks, we are going to have to find it from some other source. I believe that 376 as amended by Senator DeCamp is a reasonable method to approach that. I would ask that you support the amendment, that you would advance the bill. I don't think you will be sorry. I don't think anyone has been sorry for having supported those bank structure changes a number of years ago.

PRESIDENT: Before I introduce or call on the next speaker, I would like to introduce a guest of Senator Koch, Randy Lorenzen. He is from Lefler Junior High here in Lincoln,