

guarantee of the Congress. In effect, they said pay them all off because if you don't you're going to shake the entire financial community to the roots. We have found the same thing now with FSLIC, that started out as several billions of dollars of loss and escalated to 50 billion. Now this last week we are told may be as much as 200 billion and, therefore, the Congress is going to make that good one way or the other which means that the taxpayer in general will do so. I think that we are not in an unlike situation here at the state level. That is that the integrity of the state is at stake and I well recall, and I don't think very many will, that when the situation first developed, there was a proposal by Senator DeCamp at that time that the state take over all of the assets, pay off the claims up to \$30,000, considerable and nonetheless be liable, if there were additional assets to pay more than that. Had we done so at that time, it is my belief that the losses would have been minimized. The real estate market would have stabilized and many other institutions would have proven that action, as in some other states, to be correct. Instead we chose to vacillate and equivocate and we did some other things which frankly I did not approve of, but we put the depositors probably last. I don't think it was right and I don't think it's right now. I don't think that most of all, because it happened to be small institutions relatively, that we should say, well, you're stuck.

SPEAKER BARRETT: One minute.

SENATOR SCHMIT: I think that most of all, and I have objected time and time and again to the inequitable treatment of small banks versus large banks by the FDIC. I bitterly resent the fact that two small banks in my district were closed. Simply because they were small banks, FDIC would not go through the bother of keeping them intact, whereas larger institutions were made whole. I think that the size of the institution has nothing to do with it. I think the important thing is that there are people involved, the important thing is that we have the opportunity to correct a redress that I think should have been done long time ago and the legal aspects of it is something that the lawyers will always argue about and the courts will argue about. And I know there is some deep concern about it, but I think that in this instance there is a moral obligation that transcends the actual legal obligation. I think also that Senator Landis raised another good point...

SPEAKER BARRETT: Time.