

January 20, 1976

into mind? What happens if agriculture slides into an area of recession, which we have seen it in the past, and the other loaning areas are more desirable by banking institutions. These are some of the questions that I hope that you members of the Legislature will ask, talk about, before we vote on this issue. I have some more things to say. I will reserve that for closing.

PRESIDENT: Senator Murphy.

SENATOR MURPHY: I, too, would raise many questions that are purported. The question of whether or not branch banking will make more cash available to industry and agriculture in this state raises a question in my mind of just how branch banking produces money. There are "X" number of dollars in this state. Adding capital facilities creates no new dollars. It simply thins them out and redistributes them, but more importantly, I think the health of business of a community is related directly to the financial interest within that community. To create a branch banking system, which means that policy and control will be with the principal bank, means very simply that that is where the interest of what is happening to industry will lie. In 1969, when cash did, in fact, become very tight, there was no rush for the great banks in Omaha and Lincoln to create new loans outstate. There was a rush to reduce their overlines, to tighten up what had been the correspondence system, and to concentrate their lending in the large, high interest producing rates within Omaha as opposed to the lower interest rates in outstate Nebraska. I think it is obvious that a local banker handling funds and deposits of his local community has got to be much more closely aligned to the concerns of that community. Now to those who would say, this is not going to happen. Branch banking does not mean they are going to pull those assets into Omaha, then I would ask, why in the world we are proposing this legislation. The testimony before the Committee was by the president of the largest bank in Omaha that they needed more cash in Omaha, not outstate Nebraska, in Omaha. So that they could make bigger loans outstate, he said. He, with the capacity to loan between four and six million dollars, needed to make larger agriculture loans. He must be in cahoots with the corporate farmers. I think it is quite obvious that this means, in fact it was stated to me very specifically by the president of one of the big banks in Omaha, that he really only had designs on seven communities. He wanted branches in Lincoln, in Norfolk, in Grand Island, in Columbus. This is the branch banking proponent who brought about this bill. It has been reduced in order to get it out of Committee, in order to make it palatable to one or two Committee members who were in a bind. It was finally reduced to the city of Omaha, and I would remind you, if you read your bulletins on your Conference of State Legislatures this summer, that on one issue there was the specific statement that the state of New Hampshire after two years of branching in counties and contiguous counties had