

Japan today still maintains a completely regulated financial system and so they can arbitrarily set an interest rate of 5.5 percent, which by the way they do on certain things. The only way you could effectively ever, in my opinion, set a usury rate of 9 percent or any other figure that you arbitrarily picked out would be to have a completely regulated financial system which this country, and for all practical purposes, the balance of the world has abandoned. What is the difference between a regulated and a nonregulated economy? In a regulated financial economy, irrespective of how much money you print, irrespective of how much borrowing occurs, you have fixed rates that start out at the very earliest point which is the Federal Reserve and those rates are such things as banks can pay no more than 5.5 percent or 5.25 percent for passbook savings, they can't pay money on checking accounts, so on and so forth. You create a completely artificial system and, therefore, within that completely artificial system you can ultimately have a maximum interest rate, usury rate that is two or three or four points above what you set the cost of money at the earliest levels, at the beginning. In a nonregulated economy whatever the price of the product is, in this case money, whatever that price is then somebody else sells that product, sells money just like you'd sell bread for something more than the cost plus a profit, usually two or three percent higher, theoretically, than what it cost. And so if it is costing an institution 10 or 11 percent to buy their money, they are going to be selling it at 13.5 or 14.5 percent. And if you pass a law that says they are going to sell it at 9 percent, the net effect is they will not sell it. In other words, they will not make the credit available. The only way to get a true 9 percent rate or any other figure you choose arbitrarily is if the entire United States and, in effect then, the world goes back to a completely regulated financial market. At this point in time I don't think anybody in this room believes that is likely to occur. Therefore, the net effect, desirable as it is, the net effect of arbitrarily setting a 9 percent rate here would be simply to make sure that that money was not loaned in Nebraska, was not loaned at 9 percent because it is costing more than that to get the money. It would be put into fed funds. It would be put into other instruments and you simply would punish the very people, the agricultural community and the business community, you would simply punish the very ones you are trying to help. Now there is no question in my mind that Senator Schmit and those