

March 28, 1974

SENATOR CARPENTER: I'd like to ask Senator Whitney and Senator DeCamp both a question. Senator Whitney you and Senator DeCamp apparently in a general sense have the same philosophy. That if we didn't restrict the interest rate, it would be a place in which money would naturally be attracted to, and by that way, we would do people who borrow money somewhat of a service. Is that so?

SENATOR WHITNEY: Yes, this is not only my philosophy, but it is the philosophy of all the first grade economists across the United States.

SENATOR CARPENTER: I see, Senator. Well, now if that's so. Why don't we just take the limitation and just attract all the money, and then it will naturally seek it's own level anyway won't it.

SENATOR WHITNEY: Obviously, that's exactly what happened. The competitive rate would be I would still say about  $9\frac{1}{2}$  at the moment, or possibly  $9\frac{3}{4}$ .

SENATOR CARPENTER: Now, I'm correct then, in your philosophy, and I'm sure Senator DeCamp, you have both talked along the same...the real thing what we ought to do is just take the limitation of interest off and let the people here and outside bring their money in and let the market eventually adjust itself.

SENATOR WHITNEY: Senator Carpenter, it's just like the wage raise. The wage rate seeks a level equal to the competitive level equal to what a man can produce. But we still have a minimum wage laws. O.K. then I feel probably in order to make the public feel better, we should continue to have a ceiling and usury rate, because it makes the public serve better. But when ever that interest rate gets up there and crowds the ceiling, crowds the usury rate, this Legislature has been known in the past to raise the usury rate. And so this is the time to do it, now as it still stands now thought. And I've never talked to Senator DeCamp about this. This is the first time I've read this paragraph. So now there are persons who are borrowing \$50,000 or more though beyond the  $9\%$  up  $9\frac{1}{2}$ , or  $9\frac{2}{3}$  what they have to go in order to borrow money in order to develop the state of Nebraska, and I think there is nothing wrong with that. I think that is a marvelous idea...

SENATOR CARPENTER: Wouldn't you agree for example, there is a great deal of difference between a minimum and a maximum rate.

SENATOR WHITNEY: When you talk about a minimum wage and a maximum interest rate. There is a difference in the minds of people. But so far as the theory, and the field of economics is concerned. There is no differences there. In other words, we put a ceiling there, just to really make people feel good. The interest rate would not exceed the market rate, because here in Nebraska the market rate is equal to the national rate. It's equal to the inter-national rate of interest. And what we do here is not going to affect it, excepting what happens in the state of Nebraska.

SENATOR CARPENTER: Now, Senator DeCamp, is back here, let me direct here, let me direct a question. I presume that you have heard this part of the discussion. Now as I understand it your philosophy and Senator are about the same. Whitney's. But you believe the market ought to settle the rate. And if that is