

a far better course and we're not being specific to the Congress of the United States. We simply, as Senator Schmit pointed out to you, tell them that we think they have a responsibility to have a stable Farm Credit System and there is some precedent for doing that. It happened in the '30s and it was paid back and I'm positive enough and have an optimistic enough attitude to think that it will happen again. Thank you, Mr. President.

SENATOR HABERMAN: Senator Schmit, then Senator Nelson.

SENATOR SCHMIT: Mr. President and members, Senator DeCamp disputes my statement that the growth in the Farm Credit System was a natural thing. Let me point out, using Senator DeCamp's figures. October 6, 1979, the day of infamy as far as many businessmen and farmers are concerned, President Carter and Mr. Volcker deregulated the cost of money. Loans that had been written at six and seven and 7.5 percent suddenly escalated to 22.5 percent with a prime of 21.5. Now I'm not a mathematician, I'm not an economist, I haven't had that much education, but I don't take very much education to calculate how long it takes \$3 billion worth of loans to escalate to 7 billion with only the normal growth if we're using 22.5 percent money. I think you will find that in about three and a half years or less you will have double the amount of business. Without making any new loans, without making any new loans, the monetary policy of the Federal Reserve System was one of the principal causes for the escalation. I agree, Senator DeCamp, that from the 1975 until 1978 there was some substantial growth. What I referred to also, Senator DeCamp, was that consumer credit at that time grew substantially. I do not have those numbers, but I think if you check, you will find that that grew also and grew very substantially. I agree with you, the investor should take some of the loss. That's why we have reserves. That's why we are doing what we are doing, but to use the last dollar of reserves before, before there is assistance, and I say an investment, I say it should be an investment. It should not be a contribution. It should be an investment in the Farm Credit System just as it was back in the '30s, is to cause an unnecessary amount of stress in the system. Now you say it never happened before. The Farm Credit System was established for times such as these. It is not working. It is not working for a variety of reasons and we can argue about those. You say, Senator DeCamp, that the subsidy, whole subsidy system was wrong.