Mr. BARR. I don't persuade many in this area.

I was going to answer the question that the chairlady addressed to me—what would be the budgetary cost of this program in 1972—which I think must be considered. We believe that the budgetary cost in 1972, for a program reaching 2 million loans a year totaling roughly $2 billion a year, would be about $450 million.

Now, that $450 million would cover a new loan volume of 2 million loans a year, totaling $2 billion, and a total volume of loans made during the period of $8 billion. Now you can compare that with the 1-year budgetary cost of tax credit. The 1-year budgetary cost of that approach is a billion and a half dollars, starting the first year.

Mr. GURNEY. Madam Chairman, may I ask another question?

Mrs. GREEN. Yes.

Mr. GURNEY. Let me ask another question here on the present demand for these loans. Do you have any idea what the present demand is? Have you done any studies, for example, in the State of New York, which has been mentioned?

Mr. BARR. Yes.

Mr. GURNEY. What is the present demand?

Mr. BARR. In the State of New York?

Mr. GURNEY. Yes.

Mr. BARR. I am not sure we can break it out by States. We think in the fiscal year that we are in right now we can see very definitely a minimum demand of three quarters of a million loans. I personally happen to believe that is on the low side. I think it is closer to a million or more.

Mr. GURNEY. What is the figure of present loans on the books?

Mr. BARR. 786,000.

Mr. GURNEY. And a present demand of 750,000?

Mr. BARR. Yes.

Mr. GURNEY. Then, how do you justify a reinsurance program which would multiply your loan capacity, as I understand it, by four?

Mr. BARR. Right.

Mr. GURNEY. That is why I ask the question.

Mr. BARR. Mr. Gurney, our objective is two things: to make this program as attracive as possible to lenders so that they will supply the money; to make it feasible for the States to participate at a minimum cost to the States, while keeping the budgetary cost to the United States at an absolute minimum. That is the purpose of the reinsurance program.

Mr. GURNEY. I do not quarrel with that and I think it is a sound program from what I see on the surface, without being an expert in this business. I simply ask, why do you propose a program which, as I understand it from your testimony, would enable you to make five loans where you now make one, if your testimony, as I further understand it just now, is that the demand is only two in place of the present one? That is all I am asking.

Mr. BARR. I will tell you what is in it for the State of New York. It will make it possible for the State of New York to operate 3 or 4 years into the future without taking any more of their tax money to