

surance or reinsurance, on a private basis, take these catastrophic losses that occur in floods, earthquakes, and riots.

So, somebody has to pick it up, and I think we are going to pick up a portion of it.

Mr. QUIE. I guess that is as good a reason as any.

Mr. BARR. It just lifts it right out of private industry. If this committee decides that 80 percent is too high, there is nothing to stop you from changing it.

Mr. QUIE. I have the same question on the freeing up of four-fifths of the seed money. I listened to the explanation. You felt that was about what was needed. If more is needed later on, would you free up more of it?

Mr. BARR. I would hope not, Mr. Quie. Speaking personally I can't project what will happen in 4 to 5 years. I think we have a program that will run us out that far. Beyond 4 years, I wouldn't know.

Mr. QUIE. Those are all the questions I have.

Mrs. GREEN. Congressman Hathaway.

Mr. HATHAWAY. Thank you, Madam Chairman.

Mr. Barr, I understand in your answer to Congressman Gibbons' questions there is a complete study given as to the cost breakdown and so forth.

Mr. BARR. Yes.

Mr. HATHAWAY. So I will not ask a lot of detailed questions on that.

Mr. BARR. At this juncture I would like to repeat that statement that although we can probe records, we can run studies, we can take testimony, it is only the actual operation of the program that will determine whether or not we are close to target. This program will be operated in the open and, as I have indicated, I welcome the scrutiny of the Comptroller General of the United States as we are trying to administer it. The last thing I want to do is to be subjected to the charge that we are enriching the banking community.

Mrs. GREEN. Will you yield?

Mr. HATHAWAY. Certainly.

Mrs. GREEN. Could you make a copy of that study available to Congress and Mr. Quie on the Republican side?

Mr. BARR. Yes, I think we have several of them here. I will be delighted to distribute them at this time.

Mr. HATHAWAY. Let me ask you a couple of general questions. I am not sure whether we have in the law now as an inducement to the banks to loan money a provision permitting them to loan and not to count against their portfolio the amount that they do make available for student loans, so that if they loan a hundred thousand dollars of student loans that will not count against—

Mr. BARR. In most commercial banks the guaranteed student loan is treated much as an FHA or VA loan, as a guaranteed Government loan.

I will state for the record that the general guideline treats them as a special classification loan without the normal risk that goes with an unguaranteed transaction.

Mr. HATHAWAY. The only argument the bank could make is that they would have the other two alternatives.

Mr. BARR. That is correct. They can go to FHA or VA, or they can buy Government bonds.