of money available in the guaranteed loan program and would reduce it or make changes in the NDEA loan, propose using participation sales of certificates, selling those, and they would be out of money for the program.

Mr. HOWE. In effect, we suggested that possibility to the Congress a year ago and it was not terribly well received, and I think wisely so, looking at it in perspective. It seems to me that we are still in the posture of trying to make the guaranteed loan program work well. This is the reason again for these amendments to it. Looking at things from the point of view of the individual student, the benefits that he has in terms of interest payments and forgiveness of interest under the guaranteed loan program work out to be almost exactly the same as his benefits under NDEA. So from his point of view as soon as the guaranteed loan borrowing becomes easily available, I would think he would regard the programs as interchangeable. This would lead me down the road of suggesting that the time might come when just this kind of shift could take place.

I think we have to be sure before suggesting that the guaranteed loan program is indeed generally available.

Mr. BARR. Mr. Quie, I would like to reinforce the Commissioner's statement. While I have tended to paint this guaranteed loan program in rather glowing terms, I do not want to leave the impression that it will solve all the social problems of the disadvantaged people in the United States, at least not in the foreseeable future. It will not solve the social problem of those people who have no relationship with a bank, have never been in a bank, and probably have nothing to do with a credit under union or savings and loan. I don't think that it is reasonable to expect that the private sector of the economy is going to solve that problem. I think that is a Government problem. I think we would be deluding ourselves if we assume that we can get down into the ghettos, to the truly disadvantaged, with a private program. I don't think it is possible. Not now at least.

Mr. QUIE. What kind of shifts could there be in the private money market to endanger the guaranteed loan program, even though you have the $25 fee in order to encourage them, which could be increased if needed in the future.

Mr. BARR. Do you want me to give my tax speech now—why you should vote for an increase in taxes? The bigger danger to the private market right now is the fact that the U.S. Government might be borrowing too much. That is the biggest single threat, looking at it as of this moment in history. If we have to borrow $29 billion in this fiscal year, the private money markets, all private money markets, all private institutions will be under intense pressure. That is No. 1.

Setting that to one side, as we look down the road we are talking about a potential volume of $6 to $8 billion of these loans by 1972. We and the lenders have already started to work on pooling arrangements and layoff arrangements and secondary market arrangements that can provide a liquidity factor to these loans, so that institutions won't have too much of their funds tied up in this area, and so that there will be ways to get funds out. This is not a problem that will face us this year, it is not a problem that will face us in 1968, probably not in 1969. But sometime we must have secondary markets and layoff