

Let us take into account if a sufficient number of banks should participate to diminish the necessity for Federal loans there ought to be some saving at the Federal level in administrative expense and other items of cost.

Mrs. GREEN. Congressman Hathaway, do you have any questions?

Mr. HATHAWAY. Thank you, Madam Chairman.

Mr. Pepper, I certainly appreciate your interest in this legislation and commend you for your excellent statement.

I presume you would also give the President authority to reduce the interest rate?

Mr. PEPPER. Yes, by all means. I should have made that clear.

When I said fix, I meant fix it up or down, whatever it should be. If he got it up and the money market justified it he could reduce it and would be expected to.

Mr. HATHAWAY. A study that Mr. Barr has conducted indicates that probably \$25 above the 6 percent would be sufficient. But the bankers that you consulted evidently don't feel that way. Is that correct?

Mr. PEPPER. In an article that appeared in the Miami Herald on August 3, where they mentioned my bill, the headline is "Dade Parents Complain Banks Continue to Balk on Loans to Collegians."

Then in black type a little bit further down appears the following:

So far, Pepper said, Dade banks have snubbed the loans, available to students in most other parts of the country. Pepper submitted a bill that would sweeten the loan program for bankers—but spokesmen for Miami's largest bank said the measure still is not likely to lure them in.

Even with what I proposed they said they still would not participate. I am not certainly right or wrong about it. I am just saying that seems to be the practical problem we have run into.

Mr. HATHAWAY. Did they give you a written cost analysis of how much those loans were costing them?

Mr. PEPPER. No. They indicated to us informally some of these things that we have incorporated in this bill.

Mr. HATHAWAY. Could you get something in writing from them indicating how they break down the cost and submit it to us?

Mr. PEPPER. Yes, I will ask them to give me a breakdown on these items of cost in writing which I will offer to the distinguished committee as to whether they think this is too much, whether it will be too much of a burden for the Government to bear.

Mr. HATHAWAY. Thank you very much.

(The information requested by Mr. Pepper from banks follows:)

PEOPLES NATIONAL BANK OF COMMERCE, MIAMI,
Miami, Fla., September 1, 1967.

HON. CLAUDE PEPPER,
House of Representatives,
Washington, D.C.

DEAR SENATOR PEPPER: We want to thank you for your letters addressed to several of our banks regarding your tremendous interest and work in behalf of the Guaranteed Student Loan Program. Mr. Usina has asked our Mr. Ford, Mr. Nevling and myself to make an analysis of what would be the cost in-