Mr. PATMAN. Thank you, Madam Chairman.

Madam Chairman and members of the subcommittee, I appreciate the honor and the privilege of appearing before you today, to discuss the amendments to H.R. 6232, H.R. 6235, and related bills.

I strongly endorse the student loan guarantee program as embodied in the Higher Education Act of 1965, while at the same time recognizing that the program has not been as successful as expected or predicted.

The Bureau of Higher Education of HEW reports that at the end of June of this year, only 357,366 loans had been made under the guarantee student loan program, although 585,000 had been projected for this initial period.

In other words, the program has reached 61 percent of its goal. Therefore I would say, Madam Chairman, it has not failed completely.

On a dollar volume basis, the program reached 64.8 percent of estimated loans. The projected loans by dollar amount from the beginning of the program on November 8, 1965, through June 30 of this year, was $479,115,000. But only $310,536,557 in loans has been made for that same period.

One of the main reasons, if not the biggest reason for this problem, is that the commercial banking industry has not taken an active, leadership role in making student loans. In blunt terms, the banks have not shown overall interest in the program because there is not a great deal of money to be made in student loans.

While water seeks the lowest level, banks on the other hand seek the highest profit investment. Banks cannot make a killing on these student loans.

But the student loan program we are discussing today was not designed on a "get-rich-quick" basis. However, the amendments to H.R. 6232 shift the emphasis of the guarantee loan program from helping more young people obtain an adequate education to creating a program that will provide increased profits for the banks.

Now I believe in a strong banking system, that the banks make good profits because that is the only way we can have a strong banking system. But I believe that they should recognize the public interest in this and not be so unreasonable in their demands.

This really has been converted from a good bill that you passed, Madam Chairman, and are entitled to the credit for it, into what could be called a banker's bonus bill. This is a big bonus for banks.

They seem to have lost sight of the students and the deserving students and helping them to get an education and converted it into a bankers' bonus bill.

Thus, while there may be changes needed in the student loan guarantee program, H.R. 6232 is not the vehicle that should be used.

In April, Dr. Charles Walker, executive vice president of the American Bankers Association, and incidentally he is head of the American bankers lobby and the American bankers lobby is not new in this. They have been operating a hundred years and they have been rather successful.

Now Members only stay in Congress, 2, 6, and 10 years and a few exceptional ones longer but the bankers' lobby has been here a hundred years and they are working on their experience all during that time and they know how to get things through and get things done.