

One of the most disappointing aspects of this legislation has been the role played by Under Secretary Barr. Mr. Barr is a good friend of mine, I have known him for a good many years. He was a Member of Congress for 2 years and served as a member and valuable member of the Banking and Currency Committee, but I am certainly disappointed in his viewpoint on some of these matters after he has gone into the Treasury.

I had hoped that he would couch this legislation and his testimony in terms of private legitimate help from our college students. But his statement to this subcommittee yesterday was a simple plea to help the banks, rather than to help the students. The American Bankers Association is indeed fortunate to have a lobbyist of Mr. Barr's stature fighting for its cause.

Of course, he is not a real lobbyist but he has the same effect because he has the same effect on the side of the lobbyist and supporting their viewpoint.

To that extent I refer to this: One of the most shocking statements made by Dr. Walker when he appeared before your subcommittee last year concerned the so-called losses that banks suffered in making student loans—and remember this, Madam Chairman, this bill originated in the Washington, D.C. with the lobbyists from the American Bankers Association.

There is no evidence that the bankers themselves have initiated this or demanded this. I quote:

These losses are out-of-pocket. I am not talking about the income a bank sacrificed by putting this money into student loans instead of investing it elsewhere at a much higher rate of return.

This is a major problem for the student loan programs. A private corporation cannot indefinitely subsidize a social program, regardless of the merits of the program. You cannot solve hunger in the ghetto by insisting that the supermarket give away its groceries.

In short, Dr. Walker appeared before your committee to officially cry "poor mouth" on behalf of the American Bankers Association. What he neglected to tell you was that during 1966, when commercial banks were making these so-called "loss loans" member banks of the Federal Reserve System enjoyed record profits, to the tune of nearly \$3.1 billion, the first time in history that bank profits had topped the \$3 billion mark.

And Dr. Walker failed to mention that the commercial banking industry is the most subsidized business in our country. I would like to discuss this point, Madam Chairman, for a few moments.

Each year the Treasury keeps on deposit in commercial banks billions of dollars for which the banking industry pays not a penny of interest.

In 1966, for instance, the Government had more than \$10 billion in interest-free deposits with the banks. This is a direct subsidy of the Nation's commercial banking industry. That was a top figure, \$10 billion. It averages \$5 billion at all times.

In return for these deposits, the commercial banks are supposed to perform certain services for the Government without charge, such as selling savings bonds and cashing Government checks.

Actually, these services are more of a benefit to the banks than to the Government, since they allow the banks to offer potential cus-