Mr. PATMAN. Yes, ma'am.

Mrs. GREEN. But you would eliminate the $35 fee?

Mr. PATMAN. I certainly would.

Mrs. GREEN. And you reject Mr. Pepper's suggestion of a dollar a month during the collection period?

Mr. PATMAN. Yes, ma'am; I would. As much as I think of Claude Pepper, I think he is entirely wrong about this.

Mrs. GREEN. Congressman Brademas?

Mr. BRADEMAS. Thank you, Madam Chairman.

Thank you very much, Congressman Patman for your extremely interesting statement. I have one question that I would like to ask you following what you said on pages 9 and 10 of your statement in which you were observing that the U.S. Government, through the Treasury, keeps on deposit in commercial banks, you say, billions of dollars for which the banking industry pays not a penny of interest. Then you make the suggestion of an alternative approach to this student loan problem whereby you would, you say, do away with the subsidy in the form of noninterest payment on government accounts and require that the banks pay interest, and that the money forthcoming could be used as a revolving fund from which to make student loans.

In view of the fact that we are interested in encouraging state participation in the whole business of providing student financial assistance, and assuming for the moment that your alternative suggestion is a wise one—I am not sure that I agree or disagree just yet—but assuming for the moment that it is, would it not make sense to encourage in every one of the 50 States similar programs at the State level? That is to say, that State funds would not be placed in the banks within the States without the banks paying some interest to the State Treasury, which could in turn be used for a State revolving fund for student loans.

I know in my own State, and I am sure in many States, State moneys are put into commercial banks and the commercial banks do not pay one thin dime back to the State, but they loan the money out and earn money on the taxpayers' moneys.

Mr. PATMAN. It is surprising the number of States that do require it. I think the mayors of the different cities throughout the country are missing that opportunity. Too much of the public funds of political subdivisions, including cities and counties, and so forth, are held by banks and these people receive nothing for it, just like you said.

But there is a way for them to do it and a number of States require it.

Mr. BRADEMAS. What do you think of my suggestion?

Mr. PATMAN. It is worthy of consideration.

Mr. BRADEMAS. Thank you.

Mrs. GREEN. Congressman Quie?

Mr. QUIE. Mr. Patman, what does the Federal guarantee amount to in the reduction of the risk and therefore reduction of the interest that is necessary for a lending institution to charge?

Mr. PATMAN. Would you state that in a little different way? I don't understand what you are driving at.