Mr. BRADEMAS. I don't have any specific mechanism in mind. The question I raise is that since there apparently is a great deal of divergence in the estimate of the cost of processing loans, as we saw in the testimony yesterday and today, I should save thought that it is not altogether unreasonable to suggest that one way to solve the problem might be to charge Uncle Sam exactly what it costs the bank to make the loan.

Mr. WALKER. One of Mr. Marin's credit unions would get $1.80 and the other would get $50. We will examine that proposition and submit a statement on it.

Mr. BRADEMAS. And perhaps setting a reasonable ceiling on it.

Mr. WALKER. That is what they are doing basically with a $35 ceiling. I don't agree that will become a floor. I believe this program is in trouble. It needs a bank right now. That is $35. If the rate goes down this year I would be the first to say it is proper for the Office of Education to lower the rate.

Mr. BRADEMAS. You say on page 3 "I do not believe that lenders should make a normal profit on these loans" and then in your statement you added or any profit.

Mr. WALKER. Yes, or any profit.

Mr. BRADEMAS. Now I may sound somewhat more sympathetic to your point of view. If banks are in business why should they make loans if they don't make any profit?

Mr. WALKER. The best salesman on this is the President of the United States. When he tells how good it is for the bank and the country to make these loans, and this is the way we have been trying to make it clear to our financial institutions, and there is self-interest involved here, too.

Mr. BRADEMAS. That is a better argument than the one you just gave.

Mr. WALKER. I don't think so. I disagree with you very strongly on that. There is more than self-interest involved in this. When you take every community the bank is inextricably involved with the success of that community. Corporation X is located in Pittsburgh. If Pittsburgh goes to pot for one reason—they have done an excellent job with many of their programs—this corporation can pick up and move. But the First National Bank or the Pittsburgh National Bank or Mellon National Bank cannot pick up and move. These prosper as Pittsburgh prospers. So the banks are involved. And you will find bankers are involved in any community action program.

The St. Paul situation that is going on at the present time, Mr. Nason of the First National Bank of St. Paul is a leader in this operation. The banker knows that what is good for this community is good for his bank and there is no question about it. It is good for his community to have brains. If he can make loans to these students and they come back to the community to work it is going to help his community and it will grow and the bank will grow.

Second, the first credit experience this young man or woman has is with a commercial bank and he is going to be, and here is the self-interest, more likely to deal with the bank in the future than with our competitors, the savings and loan associations, or whatever you may have.