Florida and a part of Florida that is very prosperous. We have enormous demands for money because people are coming in our community all the time. There is a lot of building going on, and there is a demand for all kinds of goods. The banks can loan three or four times as much money probably as they have on deposit at what they can reasonably charge. So you do have intense competition for your money and a high rate of return on it.

What I am really asking is: Will an average fee work out in some parts of the country? What is your opinion on that?

Mr. WALKER. It will be less effective in capital-scarce areas—I say scarce, relative to demand. Maybe there is a lot of capital, but there is a high demand, such as California, Arizona, Florida, Texas, and areas of that type. I would not be tempted, however, to adjust it regionally. That would get into some rather difficult administrative decisions which might be subject to some decisions based on other than economic grounds.

I would still hope for some average fee based on the average of the country as a whole, recognizing the shortcoming which you note as valid.

Mr. GURNEY. Incidentally, this colloquy on the $21 cost for putting a consumer loan on the books, isn't there another factor which has been discussed?

Apart from that $21 cost of putting the loan on the books the average consumer loan picks up a return on the loan in many other ways other than the cost of putting it on the books. Isn't that right?

Mr. WALKER. Yes, sir.

Mr. GURNEY. I mean by that that there are service fees and other ways of making the loan attractive so that the interest rate is rather considerable, 12 percent perhaps or even more, which is reflected in other portions of the loan rather than just the service fee.

Mr. WALKER. Plus the fact that that consumer borrower will probably in every instance be a depositor of the bank and have a balance there that is working for lending at the same time, whereas the chances are the student won't, or if it is like my student days, it will be a very small balance, practically zero at the end of the month anyway.

Mr. GURNEY. Again I say if the fee is $35 as proposed here, it probably has in it also a cushion to handle a little bit of some of the other stuff we are talking about, other than simply placing the loan on the books. Isnt' that a fact?

Mr. WALKER. Very much so. I want to add also in discussion with Congressman Brademas and others assuming we went in and asked the Treasury for $35 and the Treasury said yes, the fact is that we asked for $50 as a maximum fee, vary it by the Secretary of HEW or the Commissioner of Education. The Treasury conducted its own study and came back with a recommendation for a maximum of $35.

Mr. Barr told you in testimony he would recommend about $25 now. He told at the White House press briefing on the subject last week in which I participated the figure was given $25 to $35. If it were made $35, it would give a tremendous boost to the program when it is most needed.

Mr. GURNEY. One other thing, it seems to me this is an excellent program. The objective of this committee is to come up with a way