Mr. PATMAN. Mr. Chairman, may I extend my remarks and insert the bill that I have offered in connection with this, and I would like to have consideration of the subject in connection with this tax bill that you have right now.

(The bill referred to follows:)

H.R. 12250

A bill to provide for the issuance of nonnegotiable United States bonds to finance certain defense expenditures for the duration of the hostilities in Vietnam, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. The Secretary of the Treasury may issue to Federal Reserve banks nonnegotiable, non-interest-bearing bonds the principal of which shall be repayable in annual installments equal to $2\frac{1}{2}$ per centum of their face value. The principal amount of such bonds isused by the Secretary in any fiscal year shall not exceed the amount by which national defense expenditures for that fiscal year are greater than such expenditures for fiscal 1965. The provisions of section 14(b) of the Federal Reserve Act (12 U.S.C. 355) shall not apply to any obligations issued by authority of this Act. The authority provided by this Act expires upon the determination by the President that the United States is no longer engaged in hostilities to protect the independence of the Republic of South Vietnam.

Mr. PATMAN. And may I answer briefly what the gentleman from Massachusetts said.

The banks are not responding to the public interest in this war because when we were escalating the war; that is, when they raised the interest rates $37\frac{1}{2}$ percent, and now they don't want to make loans to deserving students and we need their skills at reasonable rates.

They would permit loans to be made to them at 6 percent interest, but the banks for all practical purposes have gone on strike against the students and they are demanding rates now that would come up to an effective 15 percent before they will get into this campaign and that is wrong. They are not responding to the public interest.

It is the bank's duty to work in the public interest. They are getting the use of the Government credit free. What more could you let them have?

In addition to this you have heard about these arms shipments and sales to foreign countries and that the Export-Import Bank was persuaded by the administration to make some of those loans. You know why they did? Mr. McNamara said that the big banks would make these loans; they wanted to make the loans. But when it came time for them to make them they refused to make them.

And you know the reasons they gave? They wanted to make loans to people who would keep compensating balances with them.

Of course that gives them a higher interest rate and they wanted higher rates than the Government would give. That is the reason they refused to make those loans and that is the reason the Export-Import Bank had to come into the picture and help protect the security of this country by making those loans.

So there are two cases just recently where the banks have absolutely fallen down on trying to protect the public interest.

The CHAIRMAN. Any further questions?

If not, Mr. Patman, again we thank you.

Mr. PATMAN. Thank you very much.

The CHAIRMAN. Mr. Wilde? Mr. Wilde, you have been before the committee before. We have always profited from listening to you.