Mrs. GREEN. I assume the figures are right. Let me ask this question: If they are right—and I will make this available to you—is it your considered judgment that this is the direction in which we should go with the cost of over $230 million additional in a 10-year period when we have a shortage of dollars for higher education?

Couldn't that money perhaps be spent more wisely in the field of higher education?

Mr. HOWE. This is a difficult question because one of the components of it is, certainly, whether you are going to delay some opportunities for young people to attend college now, in order to get the kind of appropriations that would be required to move into NDEA funding of this volume of students and to do it immediately.

It would represent a direct budget charge which would, in all probability, not be forthcoming. Therefore to some extent, in considering this question, we are bargaining immediate opportunities against dollars, and that is a very difficult thing to do.

I think we need a balance of programs. I think we need to keep an NDEA program in being; I think we need a bank-supported, State-administered credit program of the kind that the guaranteed loan program is, a program which opens doors that funding under direct appropriations for NDEA probably won't be available to open.

Mr. GIBBONS. Could I come in here, because I think this is an important point because if the figures are correct—and I doubt these are correct, and I don't think he is making a valid comparison, this is something the committee ought to go into. Let me ask a question to try to clarify in my own mind the difference between the two loan programs—the difference primarily in NDEA is the forgiveness and we are washing it out theoretically from the argument, and the second is the interest subsidy in the guaranteed loan program.

Now, other than that, in the guaranted loan program, the Federal Government is not putting up any money at all, it won't have any expense, and the losses sustained are paid for by the borrower or the borrower insurance pool that the borrower puts up.

In effect, as I understand the guaranteed loan program, it is a whole, self-supporting type of operation where the Federal Government won't have any investment. Am I correct in that?

Mr. MUIRHEAD. You are quite correct, Congressman Gibbons; and, of course, the Chair is quite correct, too, in saying that the net cost to the Government of the guaranteed loan program would be higher than that of the NDEA loan program, for the obvious reason that the interest rate subsidized under the guaranteed loan program is a higher interest rate than that which is subsidized under NDEA.

But we must put it against the background of the fact that the loan appropriation for all practical purposes is a charge against the Government. We often think—and I am sure you do, too—that a loan is a loan is a loan; but for all practical purposes, all of the Federal capital contributions which have been made since the program started in 1958 remain charged against the Government and remain in the colleges and the collections from the loans are returned to the college. They do not return to the Government.

Theoretically, if the loan program should come to an end, then the collections would come back to the Government; but I don't see a situation like that coming about.