However, there is another sort of loss which is the income that is forgone, the income you don't get because you are not making another more profitable loan.

Mr. HATHAWAY. How much is that other loss reflected in requests for an additional $35 or up to $35?

Mr. WALKER. None as best we can estimate. All we want to do is get a flexible mechanism where the out-of-pocket loss on the individual transaction can be overcome and flexibly administered by the Federal agencies so that banks at least break even. That is all we are asking, break even, and we are not asking for profit in the usual sense of the term.

Mr. HATHAWAY. In other words, to isolate this particular type of loan would cost you more than the 6 percent you get back?

Mr. WALKER. That is the judgment we get from bankers throughout the country. That is the best evidence we can get from what cost figures are available in this type of lending and they are sparse because this is a new type of lending. It is reasonable when you look at the cost of money to banks today, when you look at the additional costs in handling and servicing these loans, when you look at all of the factors that enter into the picture.

A reasonable judgment by practically all of the people I know who have studied this is that most banks are probably going into the hole on each loan made. There could be exceptions from very efficient lending operations.

Mr. HATHAWAY. Do you have figures that substantiate this?

Mr. WALKER. Yes, sir; we gave figures.

Mr. HATHAWAY. Have you received them?

Mr. WALKER. Yes, sir; we submitted figures to this effect last August. The Treasury has submitted figures and the General Accounting Office has taken these figures and said on this basis, or because of the fact that this is a new type of lending and there are not many cost figures available, they could not, on the basis of figures alone, say whether or not this particular proposal was reasonable.

But what this second paragraph that you referred to says or is meant to do in this context, is to point out in our judgment to debate whether this program makes the banks a little bit of profit, barely lets them break even, or gives them a little bit of loss, on that one transaction, that out-of-pocket transaction, really misses the point when you are asking these lending institutions to lend billions of dollars on a 6-percent basis, a very expensive type of loan when they could be lending at 10, 12, and 15, and 18 percent.

We are not asking, though, for that sort of return, but saying on the basis of all the best judgment you can get, let's try to set it on a break-even out-of-pocket basis.

Mr. HATHAWAY. Now, another question I wanted to clear up on the same page, you say that the rate of interest for the prime corporate borrower would be higher.

Mr. WALKER. Yes.

Mr. HATHAWAY. All things considered?

Mr. WALKER. Yes; because the rate of interest to the prime corporate borrower today, the so-called prime interest rate happens to be exactly the same as the student loan rate, 6 percent, but that prime corporate