

750,000 loans made during the next fiscal year and a \$35 conversion fee is enacted, it would mean that the cost of paying the conversion fee on that amount of loans would be more than \$26 million.

And, if the Government were also required to pay 6 percent interest on each of these loans, it would mean an additional \$56 million outlay. but since the 6 percent interest would be paid whether or not the conversion fee is adopted, let us drop that figure and consider only the conversion fee payments amounting to \$26 million.

If, for example, we take an average 1-year college loan as being \$1,000, we could send 26,000 deserving students to college for 1 year instead of handing the money to the banks.

As I pointed out last August, if the Government sets up its own loan revolving fund, it would save the 6 percent a year, plus the conversion fee payment or a total of \$82 million. Of course, the cost of obtaining the lending funds would have to be deducted from that amount but there would still be a multimillion-dollar savings.

If instead of operating the student loan program as a basis for further subsidizing the banks, the Government set up its own loan fund, the savings obtained by not paying the bank subsidies each year would equal the initial loan fund investment in 10 years. Eventually, the repayments into the fund would make the program virtually self-sustaining on a monetary basis.

Of course, it would require an appropriation for the first several years to keep the program going. Perhaps the appropriation in the first year would have to be \$500 million but alongside the \$524 million that was spent on small business loans through the Small Business Administration last year, I think the student loan appropriation would be clearly justified.

It must be noted that the percentage of defaults on student loans in the past has been extremely small, less than 1 percent, I believe.

Based on this, I feel that a direct Government lending program would be far more in the public interest than the bank subsidy program being recommended by the American Bankers Association and Under Secretary of the Treasury Barr.

One of the great disappointments of this program to me has been the role played by Under Secretary of the Treasury Barr. He has joined the American Bankers Association in the fight to gain the \$35 conversion fee.

The American Bankers Association is, indeed, fortunate in having such an outstanding individual as Mr. Barr helping, whether intended or not, in its lobbying campaign. But, I am afraid that Mr. Barr is doing a great disservice to our country, to millions of college students, and to thousands of banks across the country.

I do not overlook the fact that Joe Barr has been a valuable man in Government service. He was a Member of the House of Representatives and a member of the Banking and Currency Committee. He has served as Chairman of the Federal Deposit Insurance Corporation Board. He has also been in the Treasury Department and Under Secretary of the Treasury.

He has been a favorite of mine and I have noticed him over the years and I was impressed with his sincerity and honesty of purpose.

In this particular case, I think he has gone far afield. I am sorry