

fluence with this Congress and committees and individuals than they really have, I am sure. And I do not think they had a right to do it. But it was sabotaging the program. There is uncertainty now.

We don't know how many of them made the loans on the basis of getting this back pay. Not knowing that, the only thing we can do now is start again fresh, new, another trial run, in which everybody knows that we are not going to date it back. I hope you consider that.

Of course, Dr. Walker had no basis for such a statement and he later admitted that he had, indeed, crawled out on a limb in making the statement. It would appear now that Mr. Barr is leading the effort to get Dr. Walker off the limb before it is sawed out from under him.

Certainly such a motive should not be the driving force behind any type of legislation, particularly if it affects the future of thousands or even millions of college students.

But there is, perhaps, a hidden reason why Dr. Walker and Mr. Barr are fighting so hard for the placement and conversion fee section of this legislation. Section 426 of the legislation provides that the payment of the \$35 fee shall be retroactive to June 1, 1967.

At first blush, this language seems fairly innocuous but upon closer study it develops that this section of the bill is a hidden banker's bonanza that will cost the taxpayers an additional \$13 million plus.

A check with the Department of Health, Education, and Welfare reveals that from June 1, 1967, through December 31 of the same year, there were 374,946 loans made that would be eligible for the \$35 placement fee if this legislation were passed. That means that the taxpayers are going to have to come up with \$13,123,110 to hand over to the banks. And, additional money will have to be obtained to pay the banks for the loans they have made from December 31 until the bill is enacted.

In light of this hidden bonanza, I think it is clear why the American Bankers Association is pushing so hard for the legislation.

I sincerely wonder, in view of the needs of our boys in Vietnam, if we can justify turning more than \$13 million over to the banks, when it is no part of the contract to pay them this much money or any part of it.

I must congratulate the members of this subcommittee for not being misled or trapped by some of the statements by Secretary Barr in his appearance, particularly with regard to the costs that the banks incur in obtaining funds for lending and investments.

Mr. Barr, in attempting to justify a high acquisition cost for banks, completely left out the billions of dollars the banks receive each year in the form of interest-free demand deposits.

However, Mr. Gibbons was quick to point out this omission of Mr. Barr's. Nor did Mr. Barr mention the millions of dollars that banks receive every year interest free in the form of Federal, State, and local government deposits. Nor did he mention any of the other subsidies that banks receive.

I think that Congressman Gibbons perhaps summed up Secretary Barr's performance in this legislative matter when he suggested that the lending rate for student loans would come down if we quit pushing the panic button. Mr. Gibbons also pointed out that Secretary Barr had, indeed, pushed the panic button.