

Mr. BRADEMAs. Thank you, Madam Chairman. I want to add my own congratulations, Mr. Chairman, to the ones you have already heard on your long service in Congress.

Mr. PATMAN. Thank you, sir.

Mr. BRADEMAs. I confess I am puzzled as to the facts in this whole matter, Mr. Patman. On the one hand, you use phrases like "tidy profit" and "bonuses" that the banks are making. On the other hand, the representatives of the American Bankers Association have suggested to us that unless there is some kind of a conversion fee, they will lose money on these loans.

Mrs. Green has referred to a GAO study and I think to other studies that have been made on the profit-and-loss picture of the banks and other private lenders on these loans.

I really am very puzzled because I don't know what the facts are. I wonder if you can elucidate on this problem because I think if we can cut away some of the rhetoric and just ask the simple question, what are banks making or what are banks losing, we will be better able to make intelligent judgments.

Now is there some valid survey or study to which you can point that gives an answer to that question?

Mr. PATMAN. Yes, sir; the GAO study which you mentioned.

Mr. BRADEMAs. What does it say?

Mr. PATMAN. The General Accounting Office study. Remember this, that the General Accounting Office is an agency of Congress, they are part of our body. They are an agency of Congress, you can rely upon them.

Mr. BRADEMAs. What do they say, though?

Mr. PATMAN. They will tell you the truth. They will say that the banks are not losing money.

Mr. BRADEMAs. But what does the report say? What are the facts?

Mr. PATMAN. What is that?

Mr. BRADEMAs. You must have some basis of facts.

Mr. PATMAN. I am quoting GAO. I am willing to rely on them because they are an agency of Congress, traditionally they are reliable, they will tell you the truth.

A loss results only in the case of a single loan of \$750 to a student. The results of the eight examples of loans as computed by the ABA, American Bankers Association, and as recomputed by us using the cost estimates developed by the committee and the Treasury are shown below.

This gives the information, gain or loss. If you will get that report I think you will find it is very convincing.

Mr. BRADEMAs. I am not sure that I am convinced by that. I am not bringing any particular bias to this discussion but I want to simply make clear that I still am not satisfied that we have the facts before this committee from any reputable survey.

I say that without having seen this particular survey. The fact that you have eight loans that you are citing is absolutely unpersuasive to me.

Mr. PATMAN. May I comment on what you have said here.

Mr. BRADEMAs. Please.

Mr. PATMAN. You see, the GAO has no ax to grind.