

Mr. PATMAN. I hope the gentleman has not overlooked my other alternative, pension funds.

Mr. BRADEMAs. No, sir; I haven't.

Mr. PATMAN. You would not have to appropriate any money at all.

Mr. BRADEMAs. I am openminded on your suggestion.

Another problem that I would be glad to get your comment on, Chairman Patman, is this: The representative of the ABA pointed out the other day that there was considerable competition for loan funds from other forms of activities, for instance, loans on automobiles, which would provide for private lenders like banks considerably higher interest rates than would student loans and that, therefore, without some such conversion fee the banks would simply put their money where they could make the most money on interest rates.

Would you comment on that?

Mr. PATMAN. I will be delighted to comment on that.

Remember, the loans that they have mentioned are not Government-guaranteed loans. They are not Government-guaranteed loans.

Now the banks, the reason that we do not have more money in the mortgage market today, are putting their long-term investments in tax-exempt bonds. They own over half of the tax-exempt bonds in our Nation today bought by creating the money on the Government's credit to do it without cost to themselves.

The report of the last 2 months indicates strongly that they are now buying 99 percent of all the tax exempts that come on the market. Why should they not? It is a way of evading taxes and it cuts their whole tax bill down.

The commercial banks do not pay taxes like business and industry pays. Business and industry pay 48 percent, the banks pay 23 or 24 percent because they have so many gimmicks and loopholes and ways of evading it like tax-exempt bonds.

Mr. BRADEMAs. I hope your truth-in-lending bill will help us in this respect, Mr. Chairman.

Mr. PATMAN. I do, too.

Mr. BRADEMAs. As one of my colleagues suggested, I hope we can get support out of the Congressmen from your State on this oil depletion problem which would break loose a lot of money with which to get that \$500 million.

Mr. PATMAN. Why don't you offer a bill to do that? That would be a good way to get consideration.

Mr. BRADEMAs. I might do that but you Texas people have a lot of power around here.

Mr. PATMAN. If they cannot justify it I will support what is justified. If you cannot justify 27½ percent, I will vote for what is justified.

Mr. BRADEMAs. I was distressed, Mr. Chairman, over one thing you said in your statement because it has to do with a former colleague in Congress from my State.

I am confident that I am right in saying that your criticism of Mr. Barr's position in this matter is in no way a reflection on his integrity.

Mr. PATMAN. No; I like Joe Barr. I have liked him ever since he came here. But I think he is way off to the left or right on this one.

Mr. BRADEMAs. Thank you.

Mrs. GREEN. Congressman Erlenborn.