

Mr. ERLNBORN. Mr. Patman, I understand in your testimony here that you have suggested that the funds could be made readily available from pension funds.

Your statement was that if they could get 6 percent they would be very happy to invest. Do you think that with the 6-percent interest charged to the student there could be a return of 6 percent of the pension funds?

Mr. PATMAN. No; there would have to be somebody to service these loans because the pension funds do not want to service them on a piecemeal basis. Obviously, they would not. Somebody would have to service them and for that they would be entitled to a reasonable amount. Certainly if they got 4 percent they would be very happy over it. They don't get 4 percent as it is.

Mr. ERLNBORN. You suggest they would be happy to invest their funds at 4 percent?

Mr. PATMAN. Certainly they would. There are lots of pension funds in this Nation that would be glad to do that, or even less.

Mr. ERLNBORN. I have no further questions.

Mrs. GREEN. Congressman Hathaway.

Mr. HATHAWAY. Thank you, Madam Chairman.

I also want to join my colleagues in commending Mr. Patman for his service in Congress and also want to thank him for mentioning my name in his statement.

I would like to say that I have received unsolicited calls from my district reemphasizing this point as recently as last week, that they do not need this extra money and that they are willing to do this as a public service and they realize in the long run it will be of great benefit to them.

You mentioned that the GAO did point out that in certain cases there was a loss on loans but does this consider their opportunity gains.

Mr. PATMAN. No, that is theoretical loss.

Mr. HATHAWAY. You do point up the fact that loans have been on the increase under the guaranteed loan program. It would seem to me that this fact in itself is pretty good evidence that we should keep the loan program just the way it is until the number of loans starts to fall off.

Mr. PATMAN. May I suggest this: In a half year the loans have been as much as a whole year. A half year recently.

Mr. HATHAWAY. What do you think of the argument that was made yesterday at the hearing that the only reason these loans are increasing is that the bankers have been more or less assured that the Congress would go along with this increase and make it retroactive to last July?

Mr. PATMAN. Who assured them, my dear friend?

Mr. HATHAWAY. That I am not sure of, Mr. Patman.

Mr. PATMAN. They would not take any kind of rumor, would they?

Mr. HATHAWAY. I would not think so. I wanted your comments on it.

Thank you very much.

Mr. PATMAN. I think they would be very poor businessmen, they are not the kind of bankers I have known, if they would take rumors like that.

Mr. HATHAWAY. I agree with you.