

individuals stood ready to make good the losses. There is no question but that such a venture on the part of financial institutions is sound. Trust companies should be well adapted to handle student loans.

There is a question, however, as to whether it would be wise for educational institutions to turn over loan funds to financial institutions for administration. Many of the funds are so tied up that provision must be made to administer them at the institution and if this is done machinery may as well be developed to administer all of the student loans. Institutions, colleges, and universities must make provision to handle the funds intrusted to them for student loans, and develop higher standards and more efficiency in their administration. Banks and trust companies are well adapted to loaning money to students and due to the legal restrictions placed upon them, there is little danger that they will go to extremes in this matter.

24. Philanthropic and Semi-Philanthropic Organizations

The administration of student loans by such organizations as fall under this class is much to be desired. Organizations such as the Harmon Foundation can well administer funds to students and in that way be of great service to higher education. Also, since they are not hampered by institutional views as are colleges and universities, they can raise the standard in loan administration and thus lead the way to more business-like methods of administering all student loan funds.

Colleges and universities must handle at least some of the student loans. They need to work out new policies and develop a system for the administration of student loans. Such policies and system can be built by borrowing the effective elements: in systems now in use; from the field of commercial and investment banking; in such plans as the Harmon Plan and some used in Europe; and by making use of the principles herein set forth which are the results of an inquiry conducted by the Student Loan Information Bureau.