



almost impossible. The borrower may demonstrate industry and operate his credit-financed enterprise successfully, and still be unable to work himself into a solvent position.

"In order to reduce his debt burden he may go to work for wages in order to meet family living expenses. Such wage work usually is available only during periods when the borrower's own enterprise needs close attention. Wage work thus can jeopardize successful operation of the borrower's credit-financed enterprise. The borrower is caught in an impasse. He can either carry a burdensome debt load, with questionable repayment capacity, or endanger the successful operation of his enterprise by lack of attention thereto with an equally adverse effect upon repayment capacity."

The grant feature of the proposed legislation is intended to help borrowers, including both Indian organizations and individual Indians, during initial loan periods and times of emergency. In many cases, Assistant Secretary Carver observed, a grant may make the difference between success and failure of an Indian enterprise financed from the fund. Grants would not be made in connection with all loans, however, but only in cases of clearly justifiable need.

The bill proposed by the Department would also consolidate the existing three separate loan funds of the Bureau of Indian Affairs into one.

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