chases in 1966. This is more than one-fifth of total personal consumption expenditures as recorded in the national income accounts.

Again leaving aside mortgage credit, last year interest and other credit charges paid by consumers for the use of consumer credit totaled approximately $13 billion. This is a large sum. It is approximately as large as the interest payments on over $300 billion of Federal debt. It is more than consumers spent for men's and boys' clothing—for furniture and appliances—for electricity, gas, and water—for doctor and dentist bills—or for alcoholic beverages. It is almost as much as they spent for gasoline and oil—over half of what was spent on women's and children's clothing—and about half of new and used automobile purchases.

It is clear that, while the consumer has some knowledge of the goods and services he is buying, and in almost all cases knows the price, few consumers are really aware either of the dollar cost or of the annual percentage rate paid for the use of credit. This lack of knowledge has certainly contributed to the abuse of credit. For evidence of this, we need only look to the rising tide of employee bankruptcies—cases filed in U.S. district courts in 1965 were 66 percent above the number in 1960 and over 500 percent above 1950.

As you know, the President in 1967 in his message to the Congress on consumer protection recommended the enactment of legislation which would require lenders and credit sellers to provide consumers with full and complete information on the cost of credit.

The consumer now finds it impossible to select from all the credit sources available that one which is cheapest or best for his needs. Because of the wide array of lending practices he is unable to make a rational choice among the alternatives. There is abundant evidence on this point. This is an area in our economy that has grown so fast it has created its own language. Much of that language is beyond comprehension for most consumers. Even those sophisticated in finance find difficulty in distinguishing "add-ons," "discounts," "precompute," "rule of 78's," "service charges," "finance charges," "interest," "term price differentials," "sales prices versus cash prices," and so forth. The variety of rate quotations is beyond belief and sometimes ridiculous. Even a financial expert, who knows the ins and outs of credit, can find the correct solution difficult in the absence of uniform standards for disclosure. Such confusion in a $13 billion consumer purchase category is not in the national interest.

The truth-in-lending provisions of H.R. 11601 are designed to meet this problem. Their most important feature, the requirement to state the finance charge as an annual percentage rate, in addition to its statement in dollars and cents, will provide for uniform disclosure of finance charges for the first time in this Nation's history.

This purpose is clearly within the tradition of our economic system, which relies on the discretion of informed consumers to express their preferences in the market. Our free enterprise system is weakened by poorly informed consumers, or even well-informed consumers who are unable to communicate effectively in the market because of jumbled terminology.

These provisions will give the American consumer the information he needs to compare the costs of credit from different sources and to