

And if sales taxes can be readily computed on small amounts, so can finance charges.

You have—rightly, I believe—restored a provision demanding full disclosure of charges on first mortgages. Abuse in this area is especially damaging to the poor and uneducated.

Finally, I am particularly pleased with your provision requiring advertisements for consumer credit sales to include—as an annual percentage figure—the cost of finance charges. This will allow prospective buyers to begin shopping for credit at home, instead of on the spot.

It will encourage families to ground themselves in the differences between credit plans in the privacy of their own homes, rather than under the gun of a sales pitch. It will then lead to wiser selection.

And with any luck, the ethical ads of the low-cost lenders will ultimately drive down the rates of the higher priced lenders.

There are some sections of the bill, Madam Chairman, which I feel would be better served by being deferred for further study. One, the question of garnishment of wages as a means of collection—is already under study.

I am aware that garnishment is an expensive, painful procedure which can cost a man his job, disrupt his family, and inconvenience his employer. But there are cases in which it prevents inequities against the creditor, and I do not feel, at present, that we can issue a blanket rule against it. It is currently being studied by the Attorney General, the Secretary of Labor, and the Director of the Office of Economic Opportunity.

Similarly, I do not think we are ready for a national usury law. Such a law would put a ceiling on all consumer credit, without regard for individual circumstances. Its ramifications would be so enormous—affecting such a large part of our economy—that I think intensive study is necessary.

Lastly, I think that the provision outlawing confession of judgment is premature. The full implications of it, too, have not yet been evaluated, and further study is indicated before a law is passed.

Rather than deal with these controversial subjects in the current bill, I feel that our immediate concern is for passage of the basic truth-in-lending legislation during this session.

Also, despite my enthusiasm for the objectives of title 3 of the bill, referring to a National Commission on Consumer Finance, I think it should be separated from the current bill.

I would like to see the work done, and the studies made. They would be invaluable in areas such as deficiency judgments, unconscionable contracts, licensing requirements, and debtors' remedies. But I think that before establishing such a commission, we should first determine whether such studies could be better and more economically conducted by existing organizations and agencies.

And again, since the passage of a full disclosure bill is my first concern, I wish you would consider treating the questions of the commission and the other matters not related to disclosure, separately.

If I may generalize for a final moment on this bill, I think it is a tribute to the concern and awareness of the new American consumer. Only a few years ago, our consumers were a placid lot—resigned to mal-