

rules that he is following. The borrowers do not know that there are not prescribed rules, that they are different on this corner of the street from the other corner of the street.

I do think people are very fearful of expressing their own ignorance. Nobody wants to feel like a fool. So I think a lot of people don't say, "What does this mean, what does it really cost me; are you charging me the same as someone else would?" People don't want to feel like fools, and the less educated the person is, the less he wants to reveal his lack of education. Therefore I think that this bill is of vital importance to the people who don't know what is being done to them.

I gave you more of an answer than you asked for. I got carried away.

Mrs. SULLIVAN. This is why I think hearings like this—if they are reported widely enough so that people can read what we are trying to do—will give the public an education in buying on credit. I think what you have said about people not wanting to show their ignorance on these things is absolutely true. I have tried to help many of my constituents, particularly some of the older people, that have come to me about their problems on closing costs in the purchase of a home—and also, and this is usually much more serious, about the papers they have signed in obtaining repairs on their homes. If the home has been paid off over the years, they often find they have signed some sort of first mortgage that is absolutely out of this world as far as charges are concerned. If you know what you are reading and you know what the figures mean you can protect yourself, but most of these people do not know and the results are often tragic.

One other question: Would you knowingly pay 18 percent for credit if you were not desperate?

Miss FURNESS. No, I wouldn't, certainly not, absolutely not. I think what Mr. Barr referred to is important. We do know what we get from our savings accounts. That is fairly clear. Why on earth would I pay 18 percent when I can take the money out of there and save roughly 14 percent?

Mrs. SULLIVAN. Millions of Americans pay that much or far more than that because they do not know the rate, or, if they do know, nevertheless feel they have to have the product, whatever its cost, as long as they think they can swing the monthly payments and pay it back. Others go into these credit deals not really caring if they can pay it back, saying, "Let the car go, let it be repossessed." Are these practices not a drain on the economy which adversely affect all consumers in the prices that they must pay for goods and for credit?

Miss FURNESS. Absolutely. I think it is marvelous that the credit system works as widely as it does today and it has great value for people of all income brackets. But I hate to see money wasted. I don't like to waste anything, least of all money. And it does seem to me that when people are paying more for credit than they understand they are paying, and they make errors because they are not shopping for credit, they are putting out money to some stranger they don't care about and they don't have the advantage of being able to use the money in some other area of the economy that would give them pleasure. They may not be taking a trip or buying a hat, or doing whatever it is that you would do with money that you have left over. If people want to get money for credit, if they want to buy things on time, that