

came from a number of public-minded groups such as the credit unions, the mutual savings banks of the Northeast, the industrial unions, and various consumer groups. God bless all of them and the hundreds of devoted men and women who rallied to the cause. Finally after our subcommittee held hearings in Boston and after a scandal involving the personal credit industry had besmirched leaders in the Massachusetts Legislature, the public-spirited citizens of that State got the legislature to pass a series of good truth-in-lending bills. Senator Brooke was very helpful getting those bills passed. These are now in effect and are apparently working well.

The opposition began to weaken. Senator Proxmire took up the battle after my defeat of last fall, gave able and devoted leadership, and finally got a bill through both the committee and the Senate.

In order to get anything passed, against heavy odds, he had to agree to several compromises. The most important of these was the virtual exemption of most of the so-called revolving credit from the requirement of stating the annual rather than the monthly rates. Here the mail order companies, the department stores, and the merchants who are now extending about \$5 billion of such credit were simply too strong. It was impossible for Senator Proxmire to get his bill through unless he accepted the exemption. Having been voted down in committee on revolving credit, it was a case of yielding on that point or else. He should not be blamed in the slightest. In a similar situation I would have done the same thing.

In order to reduce the danger that a larger and larger proportion of credit would be channeled through the revolving credit loophole, Senator Proxmire, however, was able to limit this exemption by providing:

(1) That it would not prevail where the seller had the right to repossess the goods upon default in the schedule of payments. This barred the door to exemption for most of the sales of durable goods such as autos, television and radio sets, furniture, washing machines, refrigerators, et cetera, and tended to limit the exemption primarily to soft goods and credit cards.

(2) That where less than 60 percent of the initial price was to be repaid in the first year, this exemption was not to apply, or to state the matter in another way, when 60 percent of the purchase price is to be repaid within the year, exemption would be granted. That comes to a maximum of about 22 months. In practice these provisions will exempt Sears, Roebuck, but will include Montgomery Ward and Spiegels, the latter now owned by Beneficial Finance, that is, owned by a personal finance company itself.

In order to smooth the way for his bill, Senator Proxmire also felt compelled to exempt first mortgage credit on homes as well as in those cases where the total finance charges came to less than \$10.

It is fortunate, however, that we have two legislative chambers whereby one body can correct the errors and omissions of the other. Mrs. Sullivan and her associates have produced an able bill in H.R. 11601 which corrects some of the weaknesses—indeed all of the weaknesses—which Senator Proxmire was unwillingly forced to accept, and they have added certain additional features of their own. To my eyes, the most important improvement in the Sullivan bill over the