

I will submit my full statement and summarize it.

Mrs. SULLIVAN. Your full statement will be made a part of the record at this point.

(The prepared statement follows:)

STATEMENT BY ANDREW J. BIEMILLER, DIRECTOR, DEPARTMENT OF LEGISLATION, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS; ACCOMPANIED BY MISS ANNE DRAPER, ECONOMIST, AFL-CIO

My name is Andrew J. Biemiller. I am Director of the Department of Legislation of the American Federation of Labor and Congress of Industrial Organizations.

I am happy to be here today to testify on consumer credit legislation under consideration by this Subcommittee. The Chairman has introduced H.R. 11601, the Consumer Credit Protection Act, and several members of the House have sponsored a companion bill, H.R. 11806. H.R. 11602 is identical with S. 5, the Truth-in-Lending Act, which passed the Senate on July 11.

Certainly there is today legitimate concern over the terms and conditions on which credit is made available to consumers. The bills before this Subcommittee obviously reflect this concern—especially H.R. 11601, which deals not only with full disclosure of credit terms to consumers, but includes direct Federal regulation of certain aspects of consumer credit and creates a National Commission on Consumer Finance to make further studies and recommendations in the consumer finance field.

Since 1960, total consumer credit (exclusive of mortgage debt) has risen by 69 percent. At the end of 1966 it reached an all-time high of \$94.7 billion or approximately \$480 for every man, woman and child in the United States.

Installment debt—the major share of this credit—has risen even faster. It is up by 74 percent to a new high of \$74.7 billion at the end of 1966.

During 1966, the proportion of after-tax personal income going into repayment of installment debt also reached a new high—14.4 percent as compared with 13.1 percent for 1960.

Interest on consumer debt which totaled \$12.7 billion in 1966, is up by 74 percent since 1960.

This debt is owed—and this interest is paid—by a great many people. According to the 1966 Survey of Consumer Finances, conducted by the Survey Research Center of the University of Michigan, 49 percent of all American families are making installment payments. Half of these families owe \$850 or more.

We have reason to believe that the proportion of installment borrowers is even higher among union families. Special tables prepared for the AFL-CIO in the course of the 1960 Survey of Consumer Finances showed that 65 percent of union families were then making payments.

Consumer bankruptcies have risen even faster than consumer debt—80 percent since 1960. There were nearly 176,000 consumer bankruptcies in fiscal 1966, and the forecast for fiscal 1967 is 188,600.

TRUTH-IN-LENDING

In the field of consumer credit legislation the national AFL-CIO has, since 1960, given top priority to enactment of Federal legislation to require disclosure of the effective annual interest rates and total dollar costs of consumer loans, mortgages, and conditional sales contracts. Now more than seven years after the first truth-in-lending bill was introduced by the distinguished Senator from Illinois, the Honorable Paul Douglas, the Senate has acted on a bill. This bill falls short of the hopes and expectations of those who have labored so long in behalf of truth-in-lending. The disclosure provisions of H.R. 11601 are preferable to those of S. 5 and H.R. 11602 and we urge their approval for reasons we will describe in our more detailed comments on this portion of the bill.

In view of the widespread use of consumer credit and its increasing volume, there is ample reason to insist that at the very least and as the first order of business consumers be given elementary information on what this credit costs them, in terms they can understand.

No one can seriously dispute the fact that at present, the rates at which credit costs are applied are either not disclosed at all, or are quoted in a manner other than as true annual percentages.