

order to protect his job—go to loan sharks, agree to pay upon an unjust debt, accept a “settlement” or declare bankruptcy. If he loses his job, his financial disaster is compounded, especially since he is unlikely to be able to collect unemployment insurance, having been fired for “just cause”.

Increasingly, harsh wage garnishments are being recognized as a significant factor in the multiplying number of consumer bankruptcies.

Unions have persistently sought amendments to wage garnishment laws to prohibit discharge for garnishment and to liberalize wage exemptions provided by garnishment laws. In some instances they have called for complete abolition of garnishment. They have sometimes succeeded in easing exemptions, but rarely has there been any success in prohibiting discharge. New York enacted a law in 1966 prohibiting discharge but only for the first garnishment.

There are of course a large number of other debtor-creditor issues which should also be considered by such a Commission, of which we can supply only a partial listing—debt pooling; credit life, health and accident insurance; deficiency judgments; the absence of defenses against “holders in due course” of credit agreements signed with original sellers; the adequacy of property exemptions against debt payment; the establishment of nonprofit debt counseling services, bankruptcy (including the vicious practices of creditors who pursue bankrupts in state courts after discharge under the Federal Bankruptcy Act); unconscionable prices charged for goods on credit; and we except, many others.

EMERGENCY CONTROLS ON CONSUMER CREDIT

H.R. 11601 sets up standby controls over consumer credit, to be authorized by the President in case of national emergency and to be administered by the Federal Reserve Board.

In a genuine emergency situation, there is no doubt that such controls would have to be imposed, as during World War II and the Korean War. However, we would prefer that such authorization be included in an over-all package of emergency measures, such as may become necessary, rather than as an isolated provision applying to one segment of the economy. Under emergency circumstances, obviously an Administration will need a large and flexible repertory of economic controls to combat inflation and to insure the orderly functioning of the economy. We would support consumer credit controls as part of an over-all emergency bill.

CONCLUSION

Madam Chairman, we wish to compliment the courage and initiative of the sponsors of H.R. 11601 in opening up a general exploration of the thorny problems of consumer credit. We know that some of the more direct interventions proposed with respect to state laws will meet with stiff resistance, but we hope that the Subcommittee's hearings will have laid the groundwork for further work by the National Commission on Consumer Finance for items that cannot be immediately enacted. And we trust that truth-in-lending can be reported out immediately, without loopholes. This modest contribution to credit reform has been through seven years of study and has been explored in every minute detail.

Mr. BIERMILLER. 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 7 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