

STATEMENT BY THE AFL-CIO EXECUTIVE COUNCIL ON CONSUMER LEGISLATION

High on the list of items which demand immediate and extensive attention from the 90th Congress are the problems of the American consumer.

Of primary concern to consumers are the specific products bought for personal use. Consumers need and should have adequate protection against fraudulent practices, assurances that the products are safe to use, and that product and price information is adequate and accurate.

In testing the current state of affairs by these standards, we find that much Congressional concern and action is needed. Specifically we will seek:

1. Action to remedy the exploitation of consumers by those who provide consumer credit.

Consumers are indebted for loans and installment sales purchases in an amount totaling \$95 billion. They are paying finance and interest charges at the rate of \$13 billion a year on this debt. A first step toward consumer self-protection in this area is the enactment of the long-standing "Truth-in-Lending" Bill to require all credit vendors to tell the borrower what the dollar cost of the finance charges will be on his credit and to state these charges in terms of a true annual interest rate.

Legislation is also needed to end misleading price advertising of articles sold on credit, where the reader is told only the monthly payment required and not the total actual cost of the article if bought on time.

High pressure door-to-door salesmen frequently sign up buyers on the spot for products they may not really want and for costly credit obligations they cannot carry. Legislation should be enacted to give buyers a legal "breathing spell" to change their minds.

The tangled field of consumer credit is not limited to these abuses. We urge the Congress to undertake to authorize a comprehensive study of consumer credit laws and practices.

2. A general investigation by the Congress of the insurance industry in all its aspects.

There is mounting evidence of excessive charges for credit life insurance in consumer credit contracts, fraud in the sale of mail-order insurance, and automobile insurance that is overpriced, often capriciously cancelled, and of consumer losses from liquidations of "high risk" insurers. Congress should devise and enact legislative remedies for these conditions and bring the entire industry under federal regulation.

3. Action on the overpricing of key consumer products.

We ask for a reopening of general investigations into the pricing of prescription drugs with a view to framing new legislation to curb excessive costs to the buying public and to government purchasing agencies. Special legislation is needed to prevent overcharging and overprescribing by physicians with a direct financial state in the products they prescribe.

In the past year the rising price of food has caused widespread public concern. We ask that the food price situation be thoroughly reviewed, with special emphasis on the built-in, cost-plus effect of excesses in advertising games, trading stamps and other promotional gimmicks. Congress should maintain a continuing review of the facts on the market structure and competitive situation in the food industry.

4. Legislation to provide consumers with unbiased product information to aid in the wise purchase of consumer products and to end misleading, false or fraudulent information about consumer products including the sale of land.

Appropriate support should be given both to strengthening the authority and to increasing the appropriations of the Federal Trade Commission as the public's principal agent against frauds, swindles and misleading advertising in interstate commerce.

The Department of Agriculture, which now administers a voluntary food grading system, should be authorized to establish a compulsory consumer grading system for basic food products. Such a system would aid in the economical and satisfying procurement of these necessities of life based on knowledge rather than promotional claims.

We are convinced of the value of consumer education to supply impartial information about consumer products and product characteristics for the myriad of items competing for the consumer's pocketbook. We support increased government effort to make information available and we will continue the AFL-CIO's own efforts in this area that are conducted by our Community Services Department.