tomarily" offered to the public. The advertisement of special credit terms applied to a one-time purchase and sale of "buy in February, pay in June" sales of air conditioners, for example, would be outlawed. We fail to see how consumer information is increased when advertising is curtailed.

A CEILING ON RATES

H.R. 11601 provides that no finance charge shall exceed the maximum rate permitted under an applicable state law or 18 per cent per annum, whichever is the lesser of the two.

We do not believe that a provision of this sort belongs in a federal law. The regulation of maximum rates is and has always been a state matter having in some cases been made part of the state constitution itself. We strongly urge that the states be permitted to use their own judgments as to the maximum rate permissible.

There is another consideration which should be kept in mind. Such a limit will tend to restrict the granting of credit in marginal cases where risks of collection loss are high. Some may say that the poorer credit risks should not be given credit anyway; but as a matter of fact, the poorer risks need credit and make sincere efforts to pay their bills in most cases. If denied credit by reputable sources, many will go elsewhere and suffer accordingly, thus thwarting the "protection" proposed by the bill.

With respect to garnishment of wages, the same point applies. The possibility of restriction of credit extension by reputable credit grantors is very real with the resultant rush to the "loan sharks" by those least capable of paying the exhorbitant and already illegal rates.

CONFESSION OF JUDGMENT

We would oppose the provision prohibiting confession of judgment because we think that it also is more properly a state matter. The proposed nation-wide prohibition of confession of judgment does not take into account the status of the laws of those states where confession of judgment is the only security provision available to the creditor. We know of no study of state laws to determine whether the impact of 11601 would be beneficial. Without such information, a sweeping federal "brushing aside" of these laws could well be disastrous.

Parenthetically, without making a special point of it, our feelings about garnishment of wages are the same.

STANDBY CONTROLS

As stated at the beginning, the policy of the Federation is in opposition to standby controls. In the past, the Congress has always acted with speed in national emergencies. We do not believe, therefore, that it is wise to issue a "blank check" in advance, especially since it has not been requested by either the President or the Federal Reserve Board.

Under the provisions of the bill, the Board, acting under an Executive Order, could prohibit granting certain forms of credit, or prohibit credit for special purposes. It could also regulate the amount or rate of credit charges, and the forms and contents of credit contracts or almost anything else.

A brief review of history explains why Congress, rather than the President or the Board, should determine the scope of emergency credit controls. In the Defense Production Act of 1950 (September 8, 1950), the Congress restored to the Board the power to control consumer credit under the authority of the same Executive Order (E.O. 8893, August 9, 1941), which empowered the Board to issue Regulation W in World War II. (This authority had been rescinded by the Congress in an act approved August 8, 1947.) However, a few months later, the Congress (Act of July 31, 1951), found it necessary to place limitations and restrictions on the Board's authority. The Board was prohibited from requiring down payment in excess of specified percentages of the selling price in installment sales. It was also prevented from requiring that payment be completed in a specified period of time varying with the type of merchandise involved in the transaction. We submit that if such regulation should be needed, it should be done by the Congress so that members of the business community will have a forum in which to state their case on any proposed requirements.

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