

in helping this committee to shape up a good bill. Thank you and compliments to you.

Mr. SHRIVER. Thank you.

Mrs. SULLIVAN. Mr. Secretary, would you like to read your statement now?

Secretary TROWBRIDGE. Yes, if I may.

STATEMENT OF HON. ALEXANDER B. TROWBRIDGE, SECRETARY OF COMMERCE; ACCOMPANIED BY JAMES L. PARRIS, ACTING GENERAL COUNSEL, DEPARTMENT OF COMMERCE

Secretary TROWBRIDGE. Thank you, Madam Chairman.

I am accompanied by the Acting General Counsel of the Department of Commerce, Mr. James Parris, to my left. I have a short statement which I would like to read, and afterward I will be happy to answer any questions that you or the members of the committee may have.

Chairman Sullivan and members of the Subcommittee on Consumer Affairs, I am glad to have this opportunity to express my Department's strong support of full-disclosure-in-lending legislation, as reflected in title I of H.R. 11601, cited as the "Consumer Credit Protection Act."

We firmly favor legislation requiring disclosure of finance charges in lending and credit transactions. Such disclosure, we believe, should benefit consumers, enhance efficiency in distribution, encourage competition in the credit market, and put the credit grantor and the consumer on a more equal bargaining basis. Disclosure to the purchaser of the annual percentage rate for consumer credit charges, as required by the bill, would provide a common denominator by which a consumer may know what he is paying for credit, and how it compares with credit terms of other merchants or lenders. Thus, we agree with Chairman Sullivan's statement that:

Required disclosure of finance costs in credit transactions is vitally important to the intelligent use of credit.

Today consumer credit—not including long-term credit such as real estate mortgages—totals about \$95 billion. Interest payments alone on this sum exceed \$12 billion. Installment credit rose from about \$29 billion in 1955 to \$43 billion in 1960, and to \$75 billion in 1966. The sheer size of this consumer debt—its rapid rate of growth—its potential impact on the economy, make it clearly desirable to provide maximum disclosure of information about credit terms.

We know that the large majority of American businessmen, who extend credit to consumers, are as principled as they are practical in their daily business transactions. Full disclosure will, in practice, free the majority of businessmen from unfair competition of that minority who engage in deceptive practices. It will tend to clear away the bewildering variety of practices and terminology that have arisen in different parts of the credit industry.

In our report dated April 13, 1967, to the Senate Banking and Currency Committee on the original S. 5, the Department favored enactment of that bill, with a few suggested modifications. One of these was to insert the word "approximate" before the term "annual percentage rates," wherever that term appeared in the bill. In both S. 5, as passed