

STATEMENT OF HON. PAUL RAND DIXON, CHAIRMAN, FEDERAL TRADE COMMISSION

Mr. DIXON. It is always most pleasant and gratifying to appear before your subcommittee.

I am appearing before you today to submit my personal views on H.R. 11601, 90th Congress, first session, the proposed "Consumer Credit Protection Act." Because of the short time since the date when the bill was submitted to the Commission for comment and because of its complexity and scope, the whole Commission has not had sufficient opportunity to analyze the bill so as to be in a position to express its views as a whole concerning it.

I might say as an aside, Mrs. Sullivan, my colleagues are on vacation. The poor Chairman, and along with you, are still in town. That is the principal reason that I could not take this up with the full Commission.

However, I can speak for all the members of the Commission in saying that we share your desire to safeguard the public in the field of consumer protection generally and in the area of credit transactions specifically. As I am sure you know, one of the primary objectives of the Federal Trade Commission is to protect the consumer from acts and practices in interstate commerce which fall within the realm of unfair trade practices.

As you pointed out when we spoke a moment ago, we are creatures of the commerce clause of the Constitution. So for us to have jurisdiction, the act or practice must be in commerce, as defined in the Federal Trade Commission Act.

This, of course, includes false, misleading, and deceptive practices in advertising as well as acts and practices which take place during the sales transaction.

In its report on S. 5 to the chairman of the Senate Committee on Banking and Currency on April 12, 1967, the Commission endorsed and urged the passage of that bill. I can unequivocally say that the Commission endorses the principles which are the basis for H.R. 11601; that is, to safeguard the consumer in connection with the utilization of credit by requiring full disclosure of the terms and conditions of finance charges in credit transactions and in offers to extend credit. We are fully in accord with your stated declaration of purpose that economic stabilization would be enhanced and competition among the various finance institutions and other firms engaged in the extension of consumer credit would be strengthened by the informed use of credit. We agree that significant segments of the population are misled by the manner in which the terms and conditions of credit are offered and contracted for, as well as by advertising in or affecting commerce, which fail adequately to disclose the credit terms offered to buyers in making purchases. The President made his support for the principles clear when he said in his message to Congress on February 16, 1967:

As a matter of fair play to the consumer, the cost of credit should be disclosed fully, simply and clearly.

The Federal Trade Commission continues its longstanding support for truth-in-lending legislation, which will assure that full and accurate disclosure of credit costs is given to the consumer at the time credit is extended to him.