

CONSUMER CREDIT PROTECTION ACT

other charges are so high that it is impossible for a farmer to break even on the cow.

The Truth in Lending Bill would take care of situations as far as the contract. However, farmers still need a Truth in Lending Advertising provision. We have seen an increase in deceptive advertising of credit. It has been noticeable among magazines ads for dairy cattle.

CONGRESSIONAL RESPONSIBILITY

Congress has always had the responsibility to regulate and influence interest rates and to regulate and control banking. Many of the retailers who are handling this type of consumer installment loan are in effect *extension offices* of the local bank.

Now even the banks are getting directly into the act. Many of our farmers in Illinois are reporting that they are receiving unsolicited Midwest Bank Cards out of Chicago. This will give instant installment or credit loans at any of more than 20,000 stores. The average person receiving the cards which are being mailed out to hundreds of thousands of families in or near Chicago will not know the annual interest rate charge or be able to easily find out that he could go to the same banks and get substantial savings by borrowing the money directly. Apparently these banks make enough by the deceptive interest rates they are charging that they can afford a few bad risks and still pay out over a million dollars to advertise this new system in Chicago.

We believe that Congress has the responsibility and the right to require honest interest rate charges. We believe that interest rate payments on all saving accounts be clearly stated, including the interest payments by Christmas Saving Clubs.

Unless Congress acts to eliminate this deceptive practice we are going to see an ever increasing level of bankruptcy not only among the poor but among the middle income persons as well. All of this has an inflationary affect upon interest rates and will further hurt us as farmers and taxpayers, and of course will hurt our sales with the average consumer who buys our products with cash.

SUMMARY STATEMENT

The National Farmers Union supports the Truth in Lending Bill and urges early passage. We support the Truth in Lending Advertising provision. Farmers are alarmed about high interest rates and we are proud of the key role that Farmers Union, its members and our Stop Buying Campaign have played in bringing down the interest rates. We sent a plane load of farmers from North Dakota, plus additional farmers from about six states to attend the tight money conference in January, and I cannot say that we got the banks to reduce their interest rates but I can say that simultaneously within the hour Senator Gore called for the resignation of Chairman Martin of the Federal Reserve Board, and the big New York banks dropped the interest rates. We have lead the crowd of organizations which have been protesting high interest rates through our Stop Buying Campaign. We do claim some measure of success for helping bring the interest rates down, but we are still talking loudly because interest rates are still not down in the rural areas and there is still too much money that is being syphoned off by deceptive consumer credit practices.

SPECIFIC COMMENTS ON THE NEW H.R. 11601 PROVISIONS

Farmers Union would like to make special comments concerning the several new provisions in H.R. 11601.

We support the standby emergency controls on consumer credit which would be given to the President during emergencies. We have supported this position for many years.

In general, we support credit control authority for commodity futures trading. We would like to submit further comments on the particulars on this matter at a later time. We support a maximum of 18% for consumer credit and in fact would like to see this maximum even lower.

Garnishment of wages is not as serious in rural areas as it is in urban areas. However, there is no question that lenders have abused the garnishment procedure on a wide spread basis, especially those that are charging highly usury rates of interest. Something should be done to correct this situation. The abuse of consumer credit has added fuel to the ghetto tension and has been one of the