

to make full disclosure in their advertising of loans or credit extensions, complements and strengthens the concept of full disclosure in credit transactions and is a logical extension of the full disclosure principle.

Commodity Future Trading

As to Section 207 of the bill which would grant to the Board of Governors of the Federal Reserve System the power to prescribe regulations governing the amount of credit for commodity future trading, we have no opinion to express since we do not have any expertise in this field.

Emergency Control of Consumer Credit

We do, however, have serious reservations about section 208 which would grant to the Board of Governors of the Federal Reserve System the right to issue regulations to control consumer credit when the President determines that a national emergency exists. Our reservations with this particular section are not concerned with the exercise of powers during periods of national emergencies when such powers are necessary. Our concern is that consumer credit is being singled out for controls and that all other forms of credit and other pertinent economic factors are exempt from controls, at least to the degree set forth in section 208. Moreover, serious questions arise as to the effectiveness of controlling consumer credit without placing comparable restrictions on wages and prices. We are of the opinion that actions such as this do not really solve the problem, although they lead many people to believe that the problem has been solved.

Our experiences with Regulation Q indicate to us that the burdens placed on the borrower and on the lender greatly outweighed any benefits derived from the restrictions imposed by the Regulation. We give this opinion with the realization that the average consumer is a man of intelligence who manages his financial affairs quite capably. Statistics have shown that during times of uncertainty the average consumer will begin repaying his loans and will decrease the extent of his borrowings. In view of this self-restraint that the consumer imposes upon himself, we see no need for the granting of such powers as are set forth in section 208.

Commission on Consumer Finance

We can wholeheartedly support the establishment of a Commission on Consumer Finance. According to section 204, the Commission would study and appraise the functioning and structure of the consumer finance industry, and several topics are set forth for the Commission to report and recommend to the Congress. We would urge the Committee to completely expand the concept of the Commission on Consumer Finance and empower it to make a study of the entire consumer credit field, including credit life insurance, credit reporting, personal bankruptcies, wage garnishments, creditors' and debtors' rights, the availability of credit, and all other matters which the Commission would feel would tend to give Congress a complete picture of the consumer credit field.

Consumer credit is growing substantially and all indications are that it will continue to grow. It is amazing therefore how little we know about this field. While the National Commissioners on Uniform Laws have been engaged in studying some of the problems connected with consumer credit, we note that the members of this commission are financed by creditors and lenders, including ourselves. We would therefore tend to believe that any recommendations made by the commissioners would be primarily for the benefit of lenders and creditors. However, it can be expected that a Commission appointed by the President with the consent of the Congress would be more free to take a broad look at the problems and to consider the rights of debtors on the same basis as they consider the rights of creditors.

Other Provisions

There are other provisions in this bill which we believe need further studying. The establishment of a Federal usury statute and the prohibition of garnishments and cognovit notes are matters which need to be studied more extensively before appropriate action can be taken. We would strongly urge this Committee to refer these matters to the Commission on Consumer Finance if such a Commission is established.

Conclusion

In conclusion, CUNA International continues to support full disclosure by all creditors and lenders, we oppose standby controls on consumer credit, and we support the creation of a Commission on Consumer Finance with powers broad enough to consider other matters contained in this bill.