

by Massachusetts on installment and other credit sales and credit transactions are actually working.

Accompanying them is a public-spirited Massachusetts businessman, Mr. Willett Smith, credit manager, Lechmere Sales Co., Cambridge, who is qualified to tell us from his own experience the effect of such legislation on retail business. The witnesses are accompanied by Mr. Dermot P. Shea. What is your official position, Mr. Shea?

Mr. SHEA. Executive secretary of the State consumers' council, Madam Chairman.

Mrs. SULLIVAN. We also have with us this afternoon Mr. Robert J. Klein, economics editor of Consumer Report magazine, published by Consumers Union of the United States, Mount Vernon, N.Y.

Mr. Klein, I wonder if you would come up to the table, also.

Mr. Klein was here last Tuesday waiting to testify, and graciously agreed to come back again today. He tells me that he can summarize his testimony in 15 minutes. Then we will hear from you three gentlemen, and after that the subcommittee will be ready to question all of you.

Mr. Klein, would you give us a résumé of your statement?

STATEMENT OF ROBERT KLEIN, ECONOMICS EDITOR, CONSUMER REPORTS MAGAZINE

Mr. KLEIN. Madam Chairman and members of the committee, my name is Robert J. Klein. I am economics editor of Consumer Reports magazine, published by Consumers Union, the nonprofit product-testing organization.

Consumers Union long has favored a great many of the objectives of the Sullivan bill. We are pleased that it would include first mortgages, though we favor a rate reflecting all the credit charges at a mortgage origination, including credit reports and appraisals if required by the mortgage lender. We applaud including credit life insurance premiums in the finance charge and annual rate disclosure, though we think certain other insurance costs, such as commissions earned by auto dealers on car insurance in a finance deal, should be included. We agree that no \$10 minimum should be set on finance charges required to show the annual rate. We have urged and still urge the abolishing of wage garnishments and confessions of judgment. There are several other inequitable collection practices that need congressional attention, lest the National Conference on Uniform State Laws draft a weak-kneed Uniform Consumer Credit Code. We therefore favor a national commission to study credit laws. We endorse the Sullivan bill's concept of an active Government enforcement role.

Consumers Union feels it can best contribute to your work on the bill by pointing out its most serious weakness as we see it.

Consumer credit, its uses and abuses, has come in for frequent discussion in our magazine during the past decade. CU members, being quite highly educated and fairly well off as a group, rely less on installment credit than most people do. But our members do use credit. When last polled on the subject, in 1965, about 25 percent of them said they were buying automobiles on the installment plan. About