bership organization chartered in 1936 under the laws of the State of New York for the purpose of providing information and counsel to consumers about goods and services and about the management of family expenditures. The financial support of the organization comes from its more than one million members, subscribers and newsstand buyers of its publications. Consumers Union accepts no support from any commercial organization. Consumer Reports carries no advertising.

In addition to testing and reporting test results on products, Consumer Reports provides information on other aspects of the consumers' problems. Nearly every issue contains articles on economic matters as they affect the market place, and legislative and other governmental developments which consumers ought to know about for their own protection and welfare.

Consumers Union's close attention to the current obstacles to rational use of credit date back to 1957, when the late Mildred Edie Brady, an eminent member of our staff, wrote the first of several pioneering articles on the subject. It was CU's judgment then, as it is now, that full disclosure of interest costs held out by far the best promise for stabilization of the national economy, which, then as now, suffered erratic growth partly because of the use of installment credit to hypo sales in periods of surplus inventories. For example, in several recent years the consumer debt has expanded most steeply in the late months of the auto model year, July through September, as dealers frantically attempted to dispose of their heavily floor planned new car quotas. The sales tactics are familiar—slashing of the quoted prices, with the dealer's profit retrieved through high credit charges concealed in easy (so-called) monthly payments.

Mrs. Brady reported on the failure of Federal consumer credit controls under Regulation W during the Korean conflict. There were simply too many ingenious ways of concealing credit in other costs. Let the market have a chance to work, she said. Give the consumer the information he needs in order to borrow rationally, and he will help the credit economy to regulate itself.

The readers of CONSUMER REPORTS are not a typical cross-section of consumers. By their very interest in our publication, they show a special interest in managing their income wisely and a consciouness of the difficulties involved. They are, as you might imagine, better educated and better paid than the average American. It's no surprise, either, that they rely on the installment plan less-frequently and less heavily than most consumers do.

Yet they do use credit. Response to our Annual Questionnaire for 1965 showed that 25% of the respondents were paying off automobile loans. Most noteworthy to these proceedings, 58% of our questionnaire respondents in 1965 used 30-day charge accounts and 29% used revolving credit charge accounts. A steady stream of letters to the editor recited complaints against these accounts, indicating glimmerings of awareness that the service charges are not as small as the buyer was led to think. Several such letters have been appended to this testimony. They reveal a state of serious confusion—serious for the credit merchant and serious for a consumer-oriented economy. If this elite group of consumers is confused, we would think the vast majority are hopelessly confused.

Senate passage of the Truth-in-Lending Bill last month represented a 92–to–0 vote of confidence in the ability of consumers to shop wisely for credit when given the essential facts. Those facts concern the true price of money, whether borrowed directly from a lending institution or indirectly through the purchase of goods and services on the installment plan.

Except in the realm of consumer credit, the price of money is everywhere expressed as an annual interest rate—the percentage of principal the borrower must pay for a year's use of someone else's money. Truth-in-Lending legislation would simply give consumers the same information that has always formed the basis for nonconsumer borrowing. For the first time in the history of this buy-now-pay-later economy, consumers would be able to make accurate price comparisons in shopping for most types of credit. The one major exception—and it could easily become a gaping hole in the dike—is revolving credit.

Fortunately, the House of Representatives still has an opportunity to repair the leak. H.R. 11601 already goes part of the way toward requiring the type of annual rate disclosure that would most help consumers to compare revolving credit costs with those of credit from other sources. Serious problems would nevertheless continue to confront the consumer, in his attempt to compare the costs of competing revolving credit contracts. As you know, charge accounts have long been a promotional tool of competing department stores and mail-order