

wise simply cannot make ends meet, even for necessities. Almost half of the people in our country dissave on net balance—they spend more every year than they earn. So I find it deplorable that we feel bound to set an 18 percent interest rate ceiling for these people, which is three times the rate at which (as I have cited) a powerful corporation can borrow money on bonds while many of our greatest corporations finance themselves and do not have interest costs of large significance.

I think the ceiling should be very much lower. I don't put much stock in the idea that they should pay a higher interest rate because they are a greater risk. They may be a greater risk for profound reasons which should require that they get moneys at lower rates of interest, not higher. Indeed, I don't know that they are a greater risk because in general the records don't show that poor people don't meet their obligations as well as those higher up. It may be the reverse. I can't suggest a particular figure, because it goes to the question of other interest rates. There was a time in my recollection when some of the most conservative Members of the House and Senate joined with me in the idea of setting maximum interest rates on housing loans that were 50- to 75-percent lower than the effective rates now. The whole trend at that time was toward bringing interest rates downward. This was not only socially desirable; it was good for the country, for reasons that I can't elaborate here, due to the shortage of time.

The whole trend since 1952 has been moving in the opposite direction. If I had to pick a figure out of a hat, I would risk it and say that 15 percent or 12 percent would be better than 18.

Now, you will get a lot of objection to this on various grounds, and I couldn't support a precise figure at this moment. But 18 percent seems to me very much too high.

Mr. FINO. Are you telling this committee that at least 12 percent is the necessary figure?

Mr. KEYSERLING. No, sir. I am not saying that. I am saying that 12 percent or 15 percent would be better than 18. I am not going to take the position that even 12 percent is a conscionable interest rate for the kind of people borrowing money for these kinds of purposes. They ought to be able to borrow for much less, even if this requires new public programs.

Mr. FINO. Thank you.

Mrs. SULLIVAN. If any of the witnesses this morning have any other comments that you would like to add to cover the points raised today, please attach them to your transcript when it comes to you. We would be most happy to have them as part of the record.

With that the subcommittee is recessed until tomorrow at 10 when we meet with Secretary Wirtz, Mr. Farris Bryant of the Office of Emergency Planning, and Mr. I. W. Abel, president of the United Steelworkers of America.

(Whereupon, at 12:30 p.m., the subcommittee recessed, to reconvene at 10 a.m., Thursday, August 17, 1967.)