ment there is a drastic reduction in the number of personal bankruptcy cases. According to Mr. Elmore Whitehurst, Texas, "It is my considered judgment that it is the result of these prohibitions and not a mere coincidence that the bankruptcy courts in Texas have a far less number of wage earner cases than states of lesser population which have severe garnishment statutes."

Furthermore, there is no evidence that a prohibition of garnishment of current wages has by any means put loan companies out of business. It has not happened in Pennsylvania. We are confident it will not happen elsewhere.

The experience of many of our state labor federations at the state legislatures indicate that a federal law is necessary. In some states there is absolutely no protection. In others, there are various degrees of protection. Only three states (Texas, Florida and Pennsylvania) have a total prohibition. It is now time to have a uniform federal prohibition. I, therefore, urge that this committee retain the anti-garnishment provision of H.R. 11601. (See attachment 6.)

Enforcement.—H.R. 11601 is stronger than the Senate bill in that it provides more than "self-enforcement." Administrative enforcement of the Act by the Federal Reserve Board through cease and desist orders are a necessary complement to the right of an aggrieved individual to bring civil suit where information has not been properly provided. We note that the Board is reluctant to assume this responsibility, although it recognizes that "self-enforcement is probably less effective, however, in the field of advertising."

Usury.—The question as to what should be the maximum ceiling for interest charges is quite a different one from whether there should be a ceiling. We agree that usurious rates should be proscribed. We are not in a position, however, to advise this committee what that rate should be. The various types of credit situations should be reviewed by this committee. The relationship of an interest rate to the all-inconclusive finance charge must be made. But we support the idea that all charges which are incident to the loan should also be included in any calculation of a ceiling. Otherwise, we are fearful that a low-interest ceiling will be compensated by high finance charges. Certainly, the question of the rate could be an area of investigation by the proposed National Commission on Consumer Finance. Te salutary effect of a disclosure bill will, we hope, create an atmosphere of competition among creditors which would help to drive down interest charges.

Conclusion.—Madam Chairman, we know that effective lobbying by financial institutions has prevented an earlier enactment of a truth-in-lending bill. However, in the process the American people have been educated about the issue. There is now both a need and a demand for this legislation. A national consensus has evolved. Your committee, we hope, will give legislative expression to that consensus. The United Steelworkers of America appreciates the opportunity to appear before you in order to add its voice to that consensus.

Senate Unit Investigates Charges That Credit Insurance Is "Tied in" to Consumer Loans

According to several witnesses who testified before the Senate Antitrust Subcommittee last week, consumer-lending companies are forcing small borrowers to buy credit insurance at excessive rates. Subcommittee Chairman Philip A. Hart (D-Mich) estimated that 85 percent of all consumer installment credit is "tied in" with insurance that guarantees repayment of a loan in case a borrower dies or becomes ill.

Allegedly, banks, finance companies, and other consumer-loan makers who require their borrowers to take out these insurance policies are getting kickbacks from the insurers.

Although insurance regulation is now left almost entirely to the states, the Antitrust Subcommittee believes it may have jurisdiction over these credit-insurance arrangements because of the tie-in feature. Even some state insuranc commissioners, the hearings revealed, reluctantly admit that federal regulation may be needed to protect small borrowers against exorbitant credit-insurance charges.

Senator Hart announced that he is going to send the transcript of his Subcommittee's credit insurance hearings to the Justice Department and the Federal Trade Commission. He will ask the agencies to see if the testimony uncovered any violations of law and to explore the possible avenues of federal intervention in this field, including use of the antitrust laws.