For example, an automobile dealer could adjust or "pack" the price of a car to the extent that he could quote a finance charge that was ostensibly lower than that available at a bank. A furniture dealer could do the same.

Under these circumstances, the total cost to the purchaser would be more than if he had bought a car or furniture at a fair price and had financed his purchase with a bank loan. Our estimate is the volume of such "rigged" transactions would increase sharply if disclosure proposals become law.

In prior years, the Congress has considered bills to force manufacturers to divest themselves of finance companies. Enactment of a law prohibiting a manufacturer from financing what he sells would be an effective roadblock to the type of "rigged" transactions we have mentioned. We believe that divestiture of captive finance companies should be considered in connection with this legislation.

If disclosure is to become a standard procedure, perhaps consideration should be given to a truth-in-packaging law, which would force the seller of merchandise or services to list on each sales tag or invoice his costs, plus his markup, expressed in amount and percentage.

In summary: Our association favors the objective of truth in lending but believes that great care must be exercised so that any legislation attempting to achieve this objective does not unduly restrict industry and commerce.

We are pleased to present our views to you and will attempt to answer any questions you may have.

Thank you for your attention.

Mrs. SULLIVAN. Thank you, Mr. Barber.

I would just like to make one comment before we go on and that is, we do have a truth-in-packaging law, but I am afraid it is as weak as the Senate bill on truth in lending, S. 5.

Mr. BARBER. I misstated when I suggested consideration might be given to truth in packaging and meant to say truth in pricing could be a logical further extension if true disclosure were to be made. This suggestion was somewhat with tongue in cheek.

Mrs. SULLIVAN. We have had some rather unsatisfactory experiences with the so-called truth-in-packaging law.

(The following letter from Mr. Barber was subsequently received and included in the record:)

INDEPENDENT BANKERS ASSOCIATION OF AMERICA,
Wellman, Iowa, August 29, 1967.

HON. LEONOR K. SULLIVAN,
Chairman, Subcommittee on Consumer Affairs of the Committee on Banking and Currency, Rayburn House Office Building, Washington, D.C.

MADAM CHAIRMAN: * * *

I wish to reaffirm the willingness of banking to make available full information regarding credit transactions. We ask only that the legislation be made applicable to all extenders of credit and that it not result in an undue burden to banking and other lenders. We noted in our testimony that we urge deletion of agricultural credit from disclosure legislation. Agricultural loans are very largely capital type credits. In addition, these loans are practically entirely on a simple interest basis. Our 6,500 banks are largely serving smaller agricultural communities and the additional effort of reporting this type of credit would be considerable.

We also wish to reemphasize what we feel is a real danger in disclosure legislation. This is the driving of interest rates underground and the elimination of