

the two price system. As long as merchants have two avenues of profit, namely mark up on goods sold and interest on financing of goods sold, and lenders have only the latter, it is difficult for us to see how disclosure can be applied equitably to all segments of the industry. Short of a "truth-in-pricing" bill, or more correctly short of price controls and profit limitations, disclosure legislation cannot effectively curb discretionary pricing of profit margins and products with the result that finance charges can be concealed. This, obviously, bears unfairly on the banking industry, which we believe most agree has been following high ethical standards in lending.

Respectfully submitted.

STANLEY R. BARBER, *President.*

Mrs. SULLIVAN. Now, Mr. Greathouse, do you feel you would like to read through your statement or summarize it?

STATEMENT OF PAT GREATHOUSE, VICE PRESIDENT, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA, AFL-CIO, AND FOR THE INDUSTRIAL UNION DEPARTMENT OF THE AFL-CIO; ACCOMPANIED BY DANIEL S. BEDELL, LEGAL REPRESENTATIVE; PAUL WAGNER, LEGAL REPRESENTATIVE; AND WILLIAM DODDS, DEPUTY DIRECTOR, LEGAL DEPARTMENT, UAW

Mr. GREATHOUSE. I would like to go through most of it. I will see if I can summarize it.

I now have the opportunity of speaking today not only for the million and a half members of our union but also speak for the Industrial Union Department of the AFL-CIO. Mr. Clayman will rely on the statement that I have here today.

There is no question about the significance of this legislation and the need for truth-in-lending as most all witnesses who have appeared before your committee have testified. We have followed the hearings closely and have read the testimony and certainly agree that this legislation is long overdue. We say in our statement at least 5 years overdue—I think the need for the legislation has been much greater than 5 years. But if you take the original submission made by Senator Douglas and allow for a couple of years, we think the legislation should have been enacted at least 5 years ago.

While the poor and the average factory worker are misled by current credit practices, middle-class and well-educated Americans also need the benefit of truth-in-lending legislation. A recent study revealed that four out of every 10 persons with a college education do not know how much they are paying in credit charges.

Truth-in-lending legislation can also make a definite contribution to lowering the cost of living for millions of American families. Interest on consumer credit amounted to some \$13 billion in 1966. This legislation should result in cheaper credit for the American public. It will have an impact on the pockets and pocketbooks of men and women in all walks of life in all parts of the country. Furthermore, it will especially help those who are most deceived by present credit practices, the poor and the disadvantaged in the inner city ghettos and in the isolated rural slum areas.

Until now, the lack of effective price competition based upon accurate information has allowed high prices, excessive profits, and encouraged inefficient operations in the consumer credit field. Truth-in-lending will produce invigorated competition in the credit industry.