

Lenders offering low interest rates should see an increase in their business, as is rightfully due to those who offer the lowest prices in our free economic system. Businessmen extending credit at higher interest rates will be under pressure to economize and increase the efficiency of their operations, or to work under lower profit margins than they have been accustomed to in the past.

Congress can contribute significantly to the war to eliminate poverty by enacting legislation to protect the consumer from the malpractices and misinformation that are all too common in the field of consumer credit. The poor have not escaped the mass media's bombardment of messages to buy now and pay later. Slogans such as "easy payments" and "no money down" have been very effective in luring even those on extremely limited incomes. The result is that substantial numbers of today's poor have been exploited in the marketplace. Many have become hopelessly entangled in problems of installment debt. Too often the consequences have been threats, legal penalties, and even loss of their jobs as a result of missed payments.

Because major department stores and other sources of reasonably priced credit are often unreachable and are not usually willing to extend credit to them, the poor usually fall prey to less scrupulous merchants.

Numerous studies have revealed how the poor pay higher prices and receive shoddy merchandise at the same time. On top of this, they pay usurious interest rates so that they wind up paying in total several times the usual retail price. Then, they are faced with the threat of repossession and losing their merchandise entirely if they are not able to keep up with the excessive payments they are required to make.

It is no wonder then that we discover that in the recent catastrophic rioting in Detroit, the victims of burning and arson included 32 furniture, appliance and hardware stores, and 23 clothing and jewelry stores. These types of outlets in ghetto areas are very often known for their excessive credit practices. Numerous stories on the riots appeared in the Detroit press alluding to the systematic burning of stores which were believed to engage in excessive credit practices. One columnist writing for the Detroit News claimed that:

A Negro woman on relief set fire to a furniture store because she felt she would never be able to pay the bill she owed there. Due to the interest rate she was being forced to pay \$910.12 to satisfy an original debt of \$285.

While our society can never tolerate looting and burning no matter how deep the social injustices that breed these irrational and lawless acts, it seems to me that we can take some elemental steps right now to begin to eliminate the conditions that lead men to become looters and burners. The passage of the strong truth-in-lending provisions and other sections of H.R. 11601 which help to stamp out shady and immoral practices in the consumer credit field can do more to help maintain law and order in our cities than a dozen repressive antiriot bills.

The consumer is not the only one who will benefit from truth-in-lending legislation. Truth-in-lending will protect the ethical lenders and business merchants from losing business to unscrupulous competitors. An otherwise honest businessman is subject to tremendous pressure to adopt unethical credit practices by his unethical competitor in order to stay in business and earn a decent living. By requiring every lender to be truthful and to state the true interest rate in a uniform