

One of the greatest sources of credit problems for the workingman and the poverty stricken is the oversimplified, confusing, misleading, or blatantly deceptive advertising of credit and the sale of goods on credit. If truth-in-lending legislation is to be truly effective, the true facts of the interest charge and the interest rate should be available to the prospective customer before he has decided where he is to make a purchase or a loan. With the high-pressure salesmanship that exists in many retail establishments, the average worker does not have a truly free choice to determine where he can make his purchases on the most economical basis if he is initially misled by advertising of the cost of credit.

While we cannot mandate that the true cost of credit be inserted in all advertising of consumer goods, we should require that any advertising of credit costs state the truth about interest charges. The omission of advertising from the coverage in the Senate-passed bill is a grave weakness. The UAW strongly supports the provisions of the bill before your committee which bring advertising under truth-in-lending protection.

Other improvements in H.R. 11601, as compared to the Senate passed version of truth in lending which the UAW strongly supports, is the provision for full disclosure on charges on first mortgages, where discounts and the point system are most confusing to the average homebuyer, and the inclusion of insurance charges levied against consumer credit as part of total finance charges in computing the true cost of credit.

I would like to point out one area regarding the truth-in-lending provisions of the excellent bill before your committee that we in the UAW would like to see changed. This is the choice of the Federal Reserve Board as the agency charged with enforcing the truth-in-lending legislation. The Federal Reserve Board is an agency that is basically oriented toward the banking business. Furthermore, it has little or no experience in the consumer protection field, and has no staff ready to carry out the enforcement provisions in the bill.

In its place, we would recommend that enforcement of consumer credit legislation be placed in the hands of the Federal Trade Commission. The FTC is already in the field of advising and protecting the consumer. It has far more expertise in the fields of retail selling and advertising, has a history of dedicated efforts to protect the consumer from unjust, illegal, and fraudulent practices, and has an efficient system for monitoring advertising, for investigating complaints, and for instituting the type of proceedings called for to bring about compliance with this legislation.

I am sure that the members of this committee are aware that placing a law on the statute books does not in itself accomplish the end objective of providing adequate protection for the American people. I urge that you make every effort to provide the best mechanism for vigorous, efficient, and fair enforcement in the consumer credit field.

The UAW would like to go on record in strong support of the provisions of this bill that would outlaw wage garnishments. The device of garnisheeing wages is used with abandon by numerous unethical merchants who prey upon unsuspecting workers with their easy-payment schemes. The tragic results are pay envelopes reduced to the