

to see positive congressional action. We are aware of political realities, and do not take the position that the bill that comes out of your committee this year need contain all of our recommendations. We would leave it up to you and your committee to determine how much can be passed through the Congress this year and how much might be enacted next year and in subsequent years.

The members of our union are extremely gratified with the efforts of you and your committee to enact long-overdue reforms in the field of consumer credit. You may be assured that the UAW will stand strongly behind your efforts to adequately protect the American consumer.

We hereby enlist in your crusade for the duration.

(The complete statement of Mr. Greathouse follows:)

STATEMENT OF PAT GREATHOUSE, VICE PRESIDENT, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA, AFL-CIO

Madame Chairman and Members of the Subcommittee, I am grateful for the opportunity to appear here today to express the strong support of the 1,500,000 members of the UAW and the 5,000,000 other members of the Industrial Union Department, AFL-CIO (IUD) for the measures that you are considering to provide long overdue protection for the American public in the field of consumer credit. The bill that you are considering, H.R. 11601, is a piece of pioneering legislation of substantial significance that can be of great benefit to the average American family. This bill not only incorporates strong truth-in-lending provisions that should have been enacted at least five years ago, but also contains additional provisions that can begin to reform other predatory practices in the consumer credit field that have worked untold hardships on millions of American families.

The Need for Truth-in-Lending

Truth-in-Lending legislation is sorely needed to protect the consumer's right to know the full facts about credit rates and interest charges so that he can compare all alternatives and make an intelligent choice among the various credit plans that may be available to him at any given time.

President Johnson stated this very simply in his 1967 Message to the Congress on Consumer Protection:

"The consumer has the right to know the cost of this key item [credit] in his budget just as much as the price of any other commodity he buys . . . The consumer should not have to be an actuary or mathematician to understand the rate of interest that is being charged."

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 4 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 pocket-books 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. 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.