

established and issued its own currency—currency whose value was not uniform from State to State. The drafters of the Constitution met this problem by specifically providing that Congress would have the sole power “to coin money [and] regulate the value thereof,” and one of the first actions undertaken by the newly established Congress was to create a decimal currency based on a dollar standard. In short, they assured that there would be a single national currency with a uniform value. A person traveling from State to State need not laboriously convert his money at each border as he would when traveling between foreign countries, and the prices of all commodities would be quoted in terms of a single medium of exchange—the dollar.

There are definite parallels between the development of our currency system, and the emergence of our system of credit. Just as a person shopping in Washington, D.C., or Seattle would be confused if one store offered its merchandise for pounds sterling, another for U.S. dollars, and a third for Greek drachmas, especially when there was little indication that different currencies were involved, so the credit shopper today must be baffled when interest charges are quoted to him on a monthly, semimonthly, or annual basis, particularly when these rates are complicated by discount or add-on provisions. He has no meaningful yardstick with which to compare the various credit terms actually available to him. Yet never before have so many shoppers needed such a uniform standard.

With all credit offers quoted in a single terminology—the annual percentage rate—the consumer can begin to compare easily and readily various credit terms available to him. Passage of “truth in lending” is the first step toward this goal. Full disclosure of credit terms in credit advertising is the next step. It will help a consumer to avoid many of the misleading half-truths in current credit advertising, and it will enable him to begin his credit shopping when he picks up his newspaper rather than when he arrives at a store and prepares to sign a contract.

In summary, the minimum disclosure required in all advertising by this bill will upgrade the quality of competition in the marketplace and help protect the consumer from unethical business practices. It will permit him to compare meaningfully both the cash and time prices offered him and to weigh the varying credit terms available to him. It will furnish him with the information with which he can make intelligent purchasing decisions. We cannot default on our obligation to afford this important protection to the American consumer. If we do, he's the one who will pay our delinquency charges.

Madam Chairman, we are extremely pleased that you decided to incorporate the disclosure provisions of our draft proposal in your omnibus truth-in-lending bill, H.R. 11601. It was encouraging to note that on the opening day of the hearings before your subcommittee, the President's Special Assistant for Consumer Affairs, Miss Betty Furness, enthusiastically endorsed the advertising provisions of H.R. 11601. Also, the “father” of the truth-in-lending bill, former Senator Douglas, in testifying before this committee, not only welcomed the credit advertising additions to the truth-in-lending package, but praised your wisdom and courage in including these provisions in the bill. The only change which I would suggest here, would be to recommend that the authority to enforce these advertising provisions