

run 2 to 7 percentage points below the limit which H.R. 11806 would establish. Credit unions charge rates which are only one-half to two-thirds as high as the maximum allowed by this bill. The maximum rate is a rate under which an adequate volume of credit can be supplied to consumers. It offers protection against higher rates to the poor and to the youthful credit buyer who has not yet learned to shop for credit.

The bill protects the consumer further by withdrawing the most deadly of collection devices—the garnishment of wages. The creditor who now pushes credit sales of shoddy furniture, frozen foods, and other goods with complete disregard of the carrying capacity of the debtor because he can garnish the consumer's wages to assure repayment, would have to exercise restraint in order not to oversell credit to his customers, as he would no longer be able to get his payments from the consumer's employer.

Perhaps the most interesting innovation in the proposed consumer credit legislation is its direction to the Federal Reserve Board to set up guides to reasonable use of credit for the commodity futures markets as well as for the stock markets. The use of credit for speculation in commodity futures now is completely uncontrolled. Credit for speculation in futures is fraught with risk to the user, who can sustain considerable losses, and it is also disadvantageous to consumers as buyers of goods because it encourages the raising of prices on the commodities they buy.

Madam Chairman and members of the subcommittee, H.R. 11806 offers consumers a substantial range of protection against misuse of their money and of the Nation's credit and related economic resources. It is by no means a complete consumer credit code. But the protection which it would provide is basic to a sound economic system; all of the features have well tested and approved precedents, and all are consistent with each other.

For the reasons I have stated, I urge the early favorable consideration of H.R. 11806, or similar legislation, to provide comprehensive consumer protection to the American buying public.

Thank you very much.

Mrs. SULLIVAN. The next statement will be that of Congressman Rosenthal of New York, a sponsor of the Consumer Credit Protection Act and one of the leading spokesmen for consumer causes in the Congress. Congressman Rosenthal has conducted some very effective hearings on consumer issues for the Committee on Government Operations in connection with his bill to establish a Cabinet Department of Consumer Affairs.

STATEMENT OF HON. BENJAMIN S. ROSENTHAL, A REPRESENTATIVE IN CONGRESS FROM THE EIGHTH CONGRESSIONAL DISTRICT OF THE STATE OF NEW YORK

Mr. ROSENTHAL. Madame Chairman, I am happy to testify in favor of the truth-in-lending principles of your bill, H.R. 11601, and to commend your initiative in broadening the concept of consumer credit protection to cover garnishment of wages, limit of interest rates and advertising of credit terms. These, and other additions, make your bill a much stronger defense for the consumer than the Senate bill.