

realistic figure for their total interest. Full credit disclosure would enable the consumer to compare prices and effective interest rates in order to decide how best to spend his money. S. 5 is not a regulatory measure but an informational one.

I have serious doubts about whether this bill effectively regulates the total range of problems. For this reason, I am a cosponsor of a bill introduced by Representative Multer, H.R. 11806, which is identical to H.R. 11601 introduced by Mrs. Sullivan. The bill I support provides for credit disclosure, and more. A creditor must alert a buyer as to price, finance charges incident to credit extension, and the annual interest rate on credit transactions. This includes advertisements of such transactions as well. The bill also fixes a maximum finance charge of 18 percent a year or the rate prescribed by State law, whichever is less. It is splendid to put consumers in a position of choice but where the choice is for the lesser of two evils, the effect of the legislation diminishes in value.

The only exemption to the disclosure provisions of H.R. 11806 is with regard to commercial transactions. Disclosure thus applies to all home mortgages. While first-mortgage laws contain some disclosure requirements, there is still abuse in this area. Therefore it is advisable for the bill to include first mortgages as well as second and third mortgages.

There has been a great deal of controversy over the question of revolving credit. There seems to be no persuasive reasons for exempting ordinary revolving credit accounts from the provisions of the bill. The same explanation used to justify an exemption to the disclosure proposal can be utilized to bring revolving credit within the bill. The annual rate of interest can be determined from the time the credit charges begin and thus be exact and meaningful, as opposed to the attempt to state it from the time of purchase where the free-ride period is brought into play. To differentiate between simple revolving credit and the installment type, will lead to drawing very fine lines and will encourage the converting of the latter type to the former in order to avoid disclosure. The safeguards incorporated by the Senate bill might mitigate, but would not eliminate, this problem.

The basic purpose behind the legislation is to aid and protect the consumer from one particular pitfall in his complex environment. There is no justification for any exception to full disclosure, regardless of amount or type of credit.

Aside from disclosure, the bill has additional provisions to protect the individual debtor. Use by creditors of judgment confessions is prohibited as is garnishment of wages. The Federal Reserve Board is also given regulatory powers to limit credit extension in emergency situations.

I fully support H.R. 11806. After 7 years of struggle, Mr. Douglas' truth-in-lending concept passed the Senate in compromised form and the bill now appears before this body for approval or for restoration to its original form. Disclosure could give the public a realistic awareness of price and interest rates. The other provisions of H.R. 11806 would greatly enhance the effect of disclosure and give to it a more practical value.

The dilemma of the American consumer caused by the sophisticated techniques of the credit world in which he deals demands our sympa-