

the creation of a nine-man National Commission on Consumer Finance, to study the credit industry, is essential to the development of effective legislation. The appointment to the commission of three members of the Senate and three members of the House will assure the Congress a major role in proposing recommendations for future legislation.

The three legislative provisions I have outlined in this statement are basic to any sound consumer protection program. There are, additionally, issues to which the Subcommittee on Consumer Affairs should give careful consideration. They include the regulation of trading in commodity future contracts affecting consumer prices, a system of controls to prevent inflationary spirals, and the establishment of maximum rates of finance charges. These are all complicated problems. I know the subcommittee will study them carefully before acting.

Madam Chairman, the members of the Subcommittee on Consumer Affairs should be commended for the work they are doing to assure the consumer fair and understandable credit standards. I support your efforts and urge early passage of legislation aimed particularly at guaranteeing the consumer full disclosure of credit information.

Mrs. SULLIVAN. Congressman Lester L. Wolff, of New York, prepared a statement for presentation to the subcommittee on this legislation and would have appeared in person if we had been able to schedule time for congressional witnesses. Congressman Wolff has always been a strong and effective advocate of consumer causes in the Congress and we are pleased to have his statement appear at this point.

STATEMENT OF HON. LESTER L. WOLFF, A REPRESENTATIVE IN CONGRESS FROM THE THIRD CONGRESSIONAL DISTRICT OF THE STATE OF NEW YORK

Mr. WOLFF. Mr. Chairman, I am greatly encouraged to see the House consider the Senate-passed version of a long-needed truth-in-lending bill. Such legislation will be an important and necessary milestone in consumer protection and I look forward to passage of a truth-in-lending bill by this House during this session. Together with truth-in-packaging legislation the bill now before you can serve honest businessmen and consumers by ending the ancient practice of caveat emptor.

Legislation such as that now before your committee is most important. In the area of consumer credit, hidden charges, add-on rates, and low sounding "monthly rates" require acute financial understanding. It would be too much to expect all those who use our vast credit facilities to be knowledgeable in this area.

It is important to note that I do not for an instance charge intentional deception; the vast majority of credit institutions and retail stores are scrupulously honest. However the confusion created by the current credit alternatives makes it very difficult for most consumers to make an intelligent decision on where and how to borrow. Recent polls have shown that most people believe their interest rate to be only one-third of what it really is. The consumer is confused and we can and should help to correct that confusion.