cope with or adequately adjust to the availability of funds for consumer credit in the various states. It could substantially reduce the availability of funds for consumer credit from responsible financial institutions and force poorer borrowers into the hands of loan sharks operating outside the bounds of law. This is not part of consumer credit disclosure.

Prohibition of the garnishment of wages for the satisfaction of debts

H.R. 11601 would prohibit wage and salary garnishment. Again, this has been historically considered solely within the jurisdiction of the states. If it is considered at all, it should be the subject of a separate study. This, too, is not part of consumer credit disclosure.

Creation of a National Commission on Consumer Finance to make an investigation of the entire consumer credit industry

H.R. 11601 establishes a nine-member National Commission on Consumer Finance. Its purpose would be to study and evaluate the functions and structure of the consumer finance industry. The National Conference of Commissioners on Uniform State Laws has and is continuing to make such a study for the purpose of determining what should be included in its model state code. Its study deals with all phases of consumer credit. It is not necessary to duplicate this work by establishment of a nine-member National Commission sponsored by the Federal Government.

Granting of standby powers to the Federal Reserve Board of Governors to restrict or regulate consumer credit in periods of national emergency

H.R. 11601 would give authority to regulate consumer credit along the lines of Regulation W. The National Chamber deems it vital to recognize that direct government controls of consumer credit are not justified except as a war measure for limitation of nonessential production. Consumer credit performs an essential function in the processes of production and distribution. Interference with its normal flow offers an obstruction to effective operation of the free enterprise system. In 1966 an effort was made, as part of the extension of the Defense Production Act, to reinstate consumer credit regulation, on a standby basis. This effort was overwhelmingly defeated by the House. There were greater and more immediate inflationary pressures at that time than at present. The House determined that such regulation was not needed then. The National Chamber does not believe it is needed now.

Establishment of minimum margins for trading in commodity futures

The bill authorizes regulation of credit and credit margins on commodity exchanges. In 1950, regulation of commodity exchange credit was proposed by the Administration as part of its stabilization program in the Defense Production Act. The measure was not adopted. Like consumer credit regulation this proposal has nothing to do with disclosure of cost of consumer credit.

SUMMARY

The Chamber of Commerce of the United States believes that S. 5 as passed by the Senate is preferable to H.R. 11601. However, we believe that consumer credit legislation can best be handled by the states.

Statement of the Farm and Industrial Equipment Institute

This statement is submitted on behalf of the Farm and Industrial Equipment Institute (FIEI) whose 220 active member companies make more than 90% of all farm and industrial equipment manufactured in the United States. A substantial portion of this equipment is sold by dealers on an installment basis. Many of our members would be affected by S–5 or H.R. 11601 because they purchase such installment paper from dealers.

Substantial amounts of such paper are also financed through sales finance companies and banks. Even members who do no financing would be affected by S–5 or H.R. 11601 in that they want financing to be available to ultimate purchasers in satisfactory and sufficiently flexible forms regardless of who the ultimate financer is.

Section 202(n) of H.R. 11601 (which is identical with Section 8 of S–5) provides that the rate disclosure requirements of the bill shall not apply to:

"(1) Credit transactions involving extensions of credit for business or commercial purposes * * *."