

prehensive and show a fine understanding of the problems attendant to each of the three separate forms of financing. The inclusion of open end credit plans, a form of credit which is becoming prevalent in our economy, is probably the most significant step taken by this measure. Moreover, the inclusion of "service and carrying charges" in the definition of 'finance charge' should insure that no form of charge account plan can escape regulation under this act. The open end credit plan is one of the most unregulated forms of credit common to today's marketplace. Under no circumstances should it be deleted from this bill, or lost during conference with the Senate.

CREDIT RATE CEILING

The sponsors of this Act show great courage and understanding of the consumer credit field in limiting any finance charge to 18 per centum per annum. This is a fair rate for small loan companies whose risk is high. Even greater courage would have been demonstrated, however, if the maximum for open end credit plans was fixed at 12% and if the maximum for consumer credit sales was fixed at 8%. The same fine understanding of the three forms of credit that is displayed in those provisions regulating disclosure of finance charges has, unfortunately, been lost by the imposition of a single, inflexible national ceiling on all interest rates.

WAGE GARNISHMENTS

I can not be too strong in my support for the provision which abolishes wage garnishments. The practice of garnishment is the only remaining vestige of the archaic system that began with debtor's prisons. Legitimate businesses have long ago learned how to collect funds without relying on garnishment. The device of garnishing wages has fed the growth of unscrupulous merchants. They readily extend credit to workers who are obviously already over-extended only because they know they have a guaranteed method for collection.

REGULATION OF ADVERTISEMENTS

So far, I have addressed myself, in the main, to the strengths of this measure. As I see it, there are three major shortcomings as the bill is presently written. I would urge that serious consideration be given to amending provision (D) of Section 203 (j) (1) so that time sale differential is substituted for time sale price. If this Act is to insure "that the consumer will be able to compare more readily the various credit terms available to him," then the advertisement of finance charges is perhaps even more important than is disclosure at the time of the sale. The disclosure and advertisement of time sale differential means that the consumer is advised of the exact dollars and cents cost of the finance charge. Time sale price is a total of the cash sale price plus the finance charge and can be misleading. This error should be corrected as soon as possible.

SUBSTITUTE LANGUAGE

The second shortcoming of this bill is contained in Section 202: (4) (f) on Page 14, lines 10 through 13. This Section allows the creditor to word his disclosure of rates in any language he so desires, as long as it "conveys substantially the same meaning." Who is to determine whether or not his substitute language does indeed convey substantially the same meaning? Is he the one to decide or is the consumer? Consumers today are confused enough without letting every businessman decide on his own terminology for basically the same technical credit transaction. Every business should have to use the exact same terminology as any other business in disclosing or advertising credit rates, fees, etc.

Let me give you an example of how consumers can be confused by technical terminology. Usually, when a used car is being sold in the same condition as it was in when originally bought by the used car dealer the contract is marked with the words "as is." Recently we had a complaint in our office where such an automobile was sold with the contract marked "as traded." The dealer insists that "as traded" conveys the same meaning as does the words "as is." Our question is, conveys to whom? He may have understood what he meant, but it was pretty obvious that the purchaser had no idea what these words means. There should be no objection to requiring that all technical terminology be standardized. I strongly urge that lines 10 through 13 on Page 4 be eliminated.