The primary responsibility of this Agency with respect to the stabilization of credit and similar measures involves the development of preparedness plans designed to be effectuated in the event of any extraordinary national emergency situation. However, most of the provisions of H.R. 11601 deal with safeguarding consumers in the use of credit as a general proposition and this proposed legislation is commonly referred to as the "Truth-In-Lending Bill." In view of the foregoing, we are restricting our comments concerning this bill to Section 208 which would provide express authority for the imposition of consumer credit controls in emergency situations.

Shortly before the U.S. entered World War II, President Roosevelt issued Executive Order No. 8843 which directed the Federal Reserve Board to impose controls on consumer installment credit. That Order was issued pursuant to Section 5(b) of the Trading with the Enemy Act. Pursuant to that authority the Board issued Rule W. The First War Powers Act approved and ratified actions taken pursuant to the Trading with the Enemy Act and broadened the scope of Section 5(b).

Section 5(b) of the Trading with the Enemy Act is now operative as a result of the National Emergency declared by the President in Proclamation No. 2914 of December 16, 1950. Consequently, it appears that adequate general standby emergency authority for the control of consumer credit now exists. Accordingly, we do not feel that more specific standby authority, such as Section 208, is needed at this time. If, however, the Congress decides to enact more specific standby consumer credit control legislation, we strongly recommend that no restriction, such as the restriction contained in the last sentence of Section 208 with respect to controlling real estate credit be included in such legislation.

The Bureau of the Budget advises that it has no objection to the submission of this report, and that enactment of legislation to provide full disclosure of credit charges would be in accord with the President's program.

Sincerely,

FARRIS BRYANT, *Director.*

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, August 11, 1967.

Hon. LEONOR K. SULLIVAN,
Chairman, Subcommittee on Consumer Affairs, Committee on Banking and Currency, House of Representatives, Washington, D.C.

DEAR MADAM CHAIRMAN: This is in reply to your request for our comments on H.R. 11601, the proposed "Consumer Credit Protection Act."

The Department of Labor has long supported legislation requiring full disclosure of consumer credit financing charges, the terms and conditions of credit purchases and the annual percentage rate of the finance charge, as is proposed in Title II of this bill.

I regard disclosure of the terms and conditions of consumer credit as a first step in protecting consumers against excessive charges which many of them now pay because they do not understand the complex charges and calculations involved in these transactions. A clear itemization of all of the charges, including a statement of the annual percentage rate, would enable buyers more readily to compare terms and costs offered by various lenders and to seek the most advantageous terms. It would also provide a basis for more effective consumer education to avoid overuse of consumer credit.

H.R. 11601 differs in a number of important respects from S. 5 as it passed the Senate. This Department prefers the stronger provisions of H.R. 11601 which require the statement of an annual percentage rate rather than a periodic (i.e., monthly) rate on revolving credit accounts and which would not exempt credit charges of less than $10 or first mortgages on real estate from the requirement to disclose the annual percentage rate charged.

This Department also believe that "come-on" advertising which lures unwary customers by failing to disclose the true cost of credit has been an important factor in overextension of consumer credit, and should be curbed by appropriate measures.

The Department recognizes that disclosure of credit costs and terms is only a first step in consumer protection against abuses. It would welcome a comprehensive study of the problems of consumer financing but believes that the study