rate is commonly stated to him, even is not ordinarily of much help, that is if he is paying——

Senator PROXMIRE. My bill on "Truth in Lending," which will begin to take effect on July 1, is going to have some effect on it.

Mr. SUITS. It will indeed. It will an effect on what he sees. It is a question of whether it will have any effect on what he does. As somebody else pointed out earlier, what he usually looks at is the size of the downpayment and how many months to pay, and those are the things that will affect whether he can buy a car or not, or a television set or a new refrigerator or whatever it may be.

So surely if we want to ration credit in such fashion as to leave more of its available for houses or for business purposes, it must be directly diverted from the consumer. It cannot be restricted by merely letting interest rates rise because the consumer is not sensitive to those.

Senator PROXMIRE. Thank you very much.

I just have a couple of questions, I think, for Mr. Williams.

Mr. Williams, in your statement about housing you said nothing in your optimistic estimate—you call it optimistic—of 1,600,000 housing starts; would you give a figure or a money amount?

Mr. WILLIAMS. I gave both. I gave a figure of 1.6 million housing starts, up 100,000 from 1968. The dollar figures for residential construction are shown in table 2, line 7.

Senator PROXMIRE. You don't come down hard at all or didn't seem to give any allowance for the level of interest rates or availability of credit. Did you think this was because it was established policy by the Federal Reserve and we couldn't do much about it?

Mr. WILLIAMS. Well, I said that we believe there will be ample mortgage credit available. You might recall that I had the most optimistic forecast in terms of the number of units of any of the four members of this panel. I think one other has a range of 1.5 to 1.6 in his forecast.

Senator PROXMIRE. Don't you think it makes a big difference in housing that credit will be available at a particular interest price?

Mr. WILLIAMS. Well, I have a feeling that today people are more concerned about the availability than they are the price.

Senator PROXMIRE. That may well be but the market would broaden a lot, wouldn't it, if you could get that cost, that rate down. It is there for low- and moderate-income housing. We have the 1968 housing bill and we can peg the interest rate down but that is a relatively small segment of the 1,600,000 or 2 million.

Mr. WILLIAMS. Other constraints may come into play which would limit it to 1.6 million, perhaps the availability of skilled labor.

Senator PROXMIRE. But doesn't the actual payment by somebody who has to pay 8 percent for his mortgage, the actual monthly payment as compared to one who has to pay 6 or 6½ percent, isn't there a substantial difference when you are buying a $25,000 or $30,000 home?

Mr. WILLIAMS. Yes, it is substantial, but I would say that today the vacancy rate is so low and the basic demand for housing space is such that I think this price will be paid.

Now there may be——

Senator PROXMIRE. It is an interesting position. I don't recall anybody else stating that. It may be the proportion and it may be perfectly correct. But your feeling is as far as this year is concerned, that it doesn't matter a lot if we have interest rates at 8 percent on mort-