CONGRESSIONAL RECORD — HOUSE

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The present practice of making secret discounts and special rebates, together with the excessive extension of credit—6 months on purchases and subject to penalties at low interest rates by the financially powerful may even cause our system to collapse.

The situation in Indiana is bad, with the credit men and local dairies, presently operating in the State dairy industry, the value of existing independent dairies has been destroyed.

Other dairy operations are known to have refused to buy any business in Indiana because the lack of profit potential under existing conditions. The success of your work is our only hope.

Very sincerely yours, O. L. McFarland, Secretary.

TRUTH IN LENDING LEGISLATION

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New York (Mr. HALPERN) is recognized for 20 minutes.

Mr. HALPERN. Mr. Speaker, I rise to call the attention of this House to an important new pension bill. It is the House Banking and Currency Committee of which I am privileged to be a member. I refer to the legislation commonly known as the truth in lending legislation. It is my fervent wish that my colleagues on both sides of the aisle let their views be known on this issue to the distinguished chairman and to the committee.

The other body recently completed full-scale hearings on Senate bill 1740, bringing out invaluable, factual data and views which I feel give ample justification for favorable action on the legislation.

As sponsor of companion legislation to S. 1740, my bill being H.R. 7013, I was particularly pleased that the Subcommittee on Production and Stabilization of the Senate Banking and Currency Committee agreed to hold these hearings and thereby give every opportunity for all viewpoints to be heard on this important issue.

I want to express my commendation to the distinguished Senator from Illinois, Paul H. Douglas, for his tireless, determined efforts to correct one of the gravest consumer problems directly affecting a vast portion of our population and, in turn, the economy and stability of our Nation. I was privileged to have been associated with the distinguished Senator in the sponsorship of this legislation in the 86th Congress, and to have joined him in the present Congress by introducing H.R. 7013 which is identical with S. 1740.

Considerable strides forward have been made since the introduction of the bill last year. Ample opportunity has been given to all sides for a full study and evaluation of the legislation. The hearings to which I refer provided the opportunity for the presentation of the fullest views, reports, and conclusions of all concerned. I am certain that complete evaluation of the problem will be given by the committees in both bodies and I fervently hope that the committees will act, without delay, in bringing the issue before the current session of Congress.

Mr. Speaker, since introducing H.R. 10240 in the 86th Congress, I have become even more convinced that this kind of legislation is necessary. I re-studied the problem; I reviewed every aspect of the legislation—the pros, the cons, the benefits to be realized from this enactment is essential. That is why I introduced H.R. 7013 this year. That is why I commend the committee for holding hearings on the subject and why I welcome this opportunity to contribute my own views to the testimony.

Mr. Speaker, a true interest and credit carrying charge disclosure law will protect the public against the credit deceptions that have brought misery to so many people. It requires all lenders or sellers to tell the consumer the true and actual rate except on mortgages, outstanding in this country, it's obvious this represents a tremendous portion of our economy and that regulatory legislation is needed to inform the borrower of the full extent of his commitment.

Too often the average person is unaware of the full amount of the total costs he must pay when he borrows or buys on time. The borrower, whether it be a direct loan, or for a home, a car, a television set, or any other appliance, or acquisition of property, is entitled to know how much his total cost is going to be. And this should be mandatory, in writing, and as simple as possible.

Few lenders or installment sellers tell the consumer the true and actual rate except on mortgages. Not a single State requires all lenders or sellers to tell the true rate except in specified instances. Abuses are the biggest consumer gripe of our times. With some $52 billion in consumer credit, exclusive of mortgages, outstanding in this country, it's obvious this represents a tremendous portion of our economy and that regulatory legislation is needed to inform the borrower of the full extent of his commitment.

They may state the rate as a monthly percent on the unpaid balance. But, 3 percent per month charged by a small loan company is a true 36 percent per annum. The 12% percent monthly charge by department stores or mail-order houses is a true 18 percent.

They may state that the rate is a percent of the original debt but a bank that charges $6 per $100 annually charged by a consumer credit, exclusive of mortgages, outstanding in this country, it's obvious this represents a tremendous portion of our economy and that regulatory legislation is needed to inform the borrower of the full extent of his commitment.

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mouth. We told the satesman we could pay only $60 a month. With my trade-in and cash I paid $200 to pay off. The salesman came up with this deal: "You pay $60 a month for 10 months, and then refinance and pay me for another 35 months. I am going to keep $100 of your downpayment in reserve for when you refinance. You pay me on the side $60 in 30 days and in the following 10 months, another $100."

This was in addition to the $60 to the bank. I didn’t realize it but he was tricking me into an $87-a-month payment.

The next day I was more clearly and told him I didn’t want the car. I was threatened that they would make me borrow the money from a loan company. I went back to the deal, figuring that I would pay $87 for only 10 months. But the dealer didn’t tell me that it would cost me $250 in interest for the 10-month period. The whole incident has put a terrific burden on me. The balance on the contract at time of purchase was $3,132.

Thus, Mr. Speaker, you can see how this man was tricked into buying a car for $3,882 that he could not afford. The loan company is paying $87 for a $60 payment. I know I need not elaborate any further. The Committees of both bodies, I am sure, have been presented with ample facts and figures to prove how borrowers are duped or misled by finance companies. I went through them I didn’t want the car. I think, I repeat, Mr. Speaker, that the provisions of this bill are vital. With the kind indulgence of the House I would like to sum up by stating my full conviction that the legislation would (a) promote economic stability and thus help to prevent depressions; (b) protect consumers against fraud, deception, and gouging on credit transactions; (c) stimulate competition among merchants and vendors; (d) have little or no effect on the average use of consumer credit; and (e) not be burdensome to business nor interfere with normal business activities.

THE MULTIBILLION-DOLLAR GIVEAWAY OF SPACE PROGRESS TO PRIVATE MONOPOLY

Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. Lane] may extend his remarks at this point in the Record.

Mr. Speaker, communications satellites, orbiting in space, will be the key to progress in the next century. But, because of the confusing array of costs, I repeat, Mr. Speaker, the provisions of this bill are vital. With the kind indulgence of the House I would like to sum up by stating my full conviction that the legislation would (a) promote economic stability and thus help to prevent depressions; (b) protect consumers against fraud, deception, and gouging on credit transactions; (c) stimulate competition among merchants and vendors; (d) have little or no effect on the average use of consumer credit; and (e) not be burdensome to business nor interfere with normal business activities.

The Federal Communications Commission enjoys a broad power from every segment of the communications industry, singly or in groups, all battling for the prize which is ownership and control of the communications satellite system with the probity and the profit that will flow from it.

The average American cannot understand why this Government, which has invested billions in the research and development of satellites, and will continue to do so until the satellite system is effective, is thinking of turning it over to a group of American international communications companies, under the domination of one.

This field of progress, developed by the U.S. Government and financed out of tax money, the American people should not be given to the ownership, operation, and control of private corporations.

Mr. Speaker, I ask unanimous consent that the gentleman from Michigan (Mr. Lesniewski) may extend his remarks at this point in the Record.