Consumer Affairs Subcommittee Again Splits 6 to 6 on Consumer Credit Bill Despite Unanimous Endorsement by President's Consumer Advisory Council

EXTENSION OF REMARKS OF HON. LEONOR K. SULLIVAN OF MISSOURI IN THE HOUSE OF REPRESENTATIVES Wednesday, November 1, 1967

Mrs. SULLIVAN. Mr. Speaker, the Subcommittee on Consumer Affairs of the House Committee on Banking and Currency has completed its work on H.R. 11601, the Consumer Credit Protection Act which I introduced on July 20, as chairman of the subcommittee, in behalf of myself and Representatives Gonzalez, Mansfield, Burke, Wapner, and Halpern. An identical bill, H.R. 11606, was introduced by the ranking member of the parent committee, Representative Multer, with many cosponsors.

The subcommittee, as I said, completed its work on the bill, but split 6 to 6 yesterday on the motion to approve the bill for consideration by the full committee. Previously, we voted, also on a 6-to-6 tie, not to substitute the credit disclosure provisions of Representative Hanna's bill for section 203 of my bill. The basic differences between these two versions of truth-in-lending legislation were spelled out in the material I placed in the CONGRESSIONAL RECORD on October 4.

Basically, the disagreement which split the subcommittee evenly involves the exemptions adopted by the Senate in passing S. 5 on July 11. The Senate bill exempts first mortgages. Furthermore, credit transactions on which the credit charge is less than $10, and open-end "revolving credit" such as used by the computerized department stores and mail-order chains would be exempt from the requirement of expressing finance charges on an annual percentage rate basis.

These exemptions are not included in H.R. 11601. H.R. 11601 treats all types of consumer credit alike. All would be subject to the same disclosure requirements.

ISSUE WILL HAVE TO BE Fought OUT IN FULL COMMITTEE

Mr. Speaker, this issue of discrimination in the treatment of various types of consumer credit under truth-in-lending legislation will now have to be fought out in the full committee on Banking and Currency. I know the fight will be a difficult one, just as it has been in the subcommittee.

The retailers using revolving credit have been quite effective in their lobbying work on this bill. Other businesses in the consumer credit field—department stores, automobile dealers, small loan companies, and retailers using forms of credit other than revolving credit—have not been nearly as effective in getting access to Members of Congress on their side of this issue. Only the furniture dealers appear to have been active in writing in to Members of Congress pointing to the discriminations against them in the Senate-passed bill.

CONSUMER ADVISORY COUNCIL ENDORSES "FULL DISCLOSURE"

The President's Consumer Advisory Council, appointed by President Johnson on August 11, with Attorney General Brown, C. William Field, of Wisconsin, as chairman, held its initial meeting last week and announced its unanimous support for the truth-in-lending provisions of my bill as presently amended. This position was expressed in the following press release:

CONSUMER ADVISORY COUNCIL BACKS TRUTH-IN-LENDING AND TYING PROPOSALS

The President's Consumer Advisory Council, at its initial meeting took under discussion the urgent problems of consumer credit and service and liability. Credit problems ranging from repossession to excessive interest rates and finance charges on installment loans are areas for further study by the Council.

They were encouraged that the proposed program of Senator Joseph D. Tydings (D. Md.) to establish a Consumer Protection Agency in the Executive branch with many of these same credit problems.

Bronson LaFollette, Attorney General of Wisconsin, and Chairman of the Council, in a joint statement with Mrs. Betty Furness, its Special Assistant to the President, said: "I am heartily in favor of Senator Tydings' proposed legislation for the District and would like to see it extended into every State."

The Council also unanimously backed the Truth in Lending bill as it now stands in Congress. In letter to Senator Mansfield, Subcommitte on Consumer Affairs of the House Committee on Banking and Currency, it stated: "We are unanimous in believing that this bill which includes full disclosure on revolving credit must be enacted before the 90th Congress recesses," Betty Furness said. She added that the subject of service repair, warranties and liabilities also was of "enormous interest" to the Council and has been given long range consideration.

Other consumer problems ranging from auto insurance to the wholesaling of drugs came under Council scrutiny. At the close of its 2-day meeting the Consumer Advisory Council will indicate areas for further study.

MEMBERSHIP OF THE PRESIDENT'S CONSUMER ADVISORY COUNCIL

Mr. Speaker, I am pleased to have the unanimous support of the distinguished members of the President's Consumer Advisory Council for effective truth-in-lending legislation including "full disclosure on revolving credit." I am sure the Members will be impressed by the stature of the Council which the Council to President Johnson.

The membership includes 12 outstanding Americans. Their names are included in the following statement made by the President in announcing their appointment:

CONSUMER ADVISORY COUNCIL

Statement by the President Upon Announcing Appointment of the Chairman and Members of the Council, August 11, 1967.

President Johnson today announced the appointment of 12 members to the new Consumer Advisory Council for terms of 2 years. The Council members appointed by the President are:

Bronson C. La Follette, of Madison, Wis.—Chairman, Attorney General of Wisconsin.
Robert J. McEwen, of Boston, Mass., associate professor and chairman of the department of economics, Boston College.
William J. Pierce, of Ann Arbor, Mich., professor of law and director of the legislative research center, University of Michigan.

Coordinating Economic Research, Portland, Ore., professor of economics, Oregon State University.

Richard H. Grant, of Portsmouth, N.H., general manager, Pease Air Force Base Federal Credit Union.


Louis Stulberg, of New York City, N.Y., president, International Ladies Garment Workers Union.

William L. Lanier, of Metter, Ga., State Executive Director, Agricultural Stabilization and Conservation Service.

Mary L. Bailey (Mrs. Charles W.) of Austin, Tex., housewife.


Mrs. Grant, of Los Angeles, Calif., neighborhood aid participant for neighborhood aid projects in Watts, Los Angeles.

Louise Gentry, of State College, Pa., assistant dean of women, education, Pennsylvania State University.

Miss Betty Furness, the President's Special Assistant for Consumer Affairs, will serve as Executive Secretary of the Council.

In announcing the appointment of the Consumer Advisory Council, the President stated:

"Each American citizen—rich or poor—is a consumer. And so, in a very special way, the public interest is the consumer interest—the interest of all of us.

"In the past 3 years, we have seen the greatest advances in the nation's history on behalf of the American consumer. At my recommendation, the 89th Congress enacted the first Truth-in-Lending Act, in history. It passed the Fire Safety Act, the first Truth-in-Packing Bill. In addition, it enacted legislation to protect our children against hazardous drugs and to protect the modest savings of American wage earners in savings institutions.

"Taken together, these laws touch the life of every American citizen, no matter what his income or station in life.

"Now, in the first session of the 90th Congress, I have recommended nine major laws to benefit consumers. The Truth in Lending: the Whole Sales Meat Act; the Fire Safety Act; the Hazardous Products Commission Act; the Pipeline Safety Act; the Electric Power Safety Act; the Fabrication Act; the Land Sales Fraud Act; the Mutual Fund Reform Act.

"The Consumer Advisory Council will and new strength and direction to the great purposes which these laws support. The Council will recommend still further ways in which the Government of all the people can protect all the people.

STRONG STATEMENT BY BETTY FURNES IN BEHALF OF "FULL DISCLOSURE"

Mr. Speaker, I want to include in this report a letter I received last week from the executive secretary of the President's Consumer Advisory Council, the Honorable Betty Furness, Special Assistant to the President for Consumer Affairs, as follows:


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

Dear Madam: I have been following very closely, as has the President, your efforts to give the American people a strong Truth-in-Lending law. I wish to commend you for your steadfast stand for a bill which is truly meaningful and not one in name only. The work-
ability of a law which includes coverage of
charging electric accounts has already proven
in New Jersey.
I am aware of the narrowly-based but
strong pressures being exerted for a watered-
down version containing serious exemptions,
or for no bill at all. Unfortunately, the con-
sumer is not organized to articulate effec-
tively his needs and, as a result, he is no
more likely to win even such a simple step
as the disclosure of actual credit
rates to the American public. It seems to me
that the withholding of such information
reduces the revered American practice of free
competition and operates to protect those
who would for some reason hide the facts.
Give them, not only from those of us who
as consumers would like to shop for credit
we shop for the best buy in other items,
but hide them from other businessmen
so that competition cannot truly be effective.

For American consumers—and that
is nearly 300 million of us—have no highly
organized means of bringing our thinking to
the attention of the Congress. I believe that
action or failure to act on a meaningful
Truth-in-Lending bill will be one of the
major measures by which the public will
judge the 90th Congress. Please let me know
if this Administration can do anything to
assist in the efforts to bring a strong Truth-
in-Lending bill to the House of Represen-
atives.

Sincerely,
Betty Furness,
Special Assistant to the President for
Consumer Affairs.

The Air Quality Act of 1967

EXTENSION OF
REMARKS
OF
HON. JOSHUA EILBERG
OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 1, 1967

Mr. EILBERG. Mr. Speaker, I am
happy to support S. 760 as one of the
sponsors of a similar bill in this House.
The detailed and thoughtful structure of
the bill bears upon testimony to the
continued desire on the part of Congress
to exert every effort, explore every new
avenue which may return cleaner,
healthier air to us all.
I believe that the principal measures
embodied in this proposed legislation to
complement what has already been done
should go far in attaining the goals
vigorously: Realistic air quality standards
established and enforced by Fed-
eral and State agencies, for both station-
ary and mobile sources of air pollution;
grants for further research and develop-
ment in both Federal and private labora-
tories; an improvement in the approach
to air pollution control; financial incentives
for the public, in the construction, opera-
tion, and maintenance of abatement
facilities; and a set of enforcement pro-
cedures that is just, yet effective, and
enables the cooperation of all parties
involved.

As a Representative of a highly de-
veloped industrial urban area and State,
I am particularly concerned with that
section of the bill dealing with acceler-
anation of Federal, State, and local
coron pollution control methods and equipment,
and I urge strongly that favorable con-
sideration be given to all its provisions.

Accelerated research programs to de-
velop low-cost emission control devices
for motor vehicles are urgently needed.
Automobiles are the chief source of car-
bon monoxide, and they are the pro-
ducers of photochemical smog, the ef-
effected of which have been felt in con-
gested urban areas throughout our land.
I have directed that a substantial
improvements resulting from the control
devices which are mandatory on all
1968-model cars. However, much remains
to be done to abate pollution resulting
from fuel combustion effectively and
thoroughly. Research programs to con-
trol combustion byproducts should in-
clude provisions for the practical dem-
stration of new processes and devices.
The removal of pollutants may produce
potentially valuable commercial by-
products, the use of which should be
explored systematically.

The development and testing of new
processes and devices is always costly. It
involves the design, planning, construc-
tion, and installation of demonstration
plants, time-consuming operation of
as yet unproven equipment, experi-
mental and thus expensive use of new
methods. There is no guarantee that a
private company willing to engage in
such a venture will be rewarded with
profit. Under the financial provisions
of this bill, the Federal Government and
private laboratories would be able to
engage in joint ventures which will
benefit large sectors of private enter-
prise. They would assure financial sup-
port by the Federal Government of new
air pollution control projects which are
still in the research and
developmental stage.

I am pleased to note that the pro-
visions of this section are not confined to
the research and development of new
techniques for the control of motor
vehicles. Stationary sources of
pollution contaminate the atmosphere
as much as mobile polluters. About 95
percent of our growing industries are run
by energy generated by burning coal and
oil. Unfortunately, 85 percent of the
sulfur is an impurity. During the com-
bustion process, the sulfur is changed
to sulfur oxides, one of the potentially
serious health hazards in contaminated
air. Devices now available can substan-
cially control unburned carbon particles,
fly ash, and cement plant dusts. However,
more imaginative ways must be found to
remove sulfur from the coal or to extract
sulfur gases from the combustion
products.

Coal is one of our most important nat-
ural resources and an economical source
of heat and energy. Accelerated research
and development of improved methods
and equipment to control soot, smoke,
and sulfur oxides is one way to improve
the quality of the air we breathe, yet retain the use of
one of the most abundant and inexpen-
sive sources of energy at our disposal
today.

Advocates of higher smokestacks claim
to have found a solution to much of our
pollution problems. However, particles
distributed high in the atmosphere may
significantly change the weather, serve
as a core around which condensation
might form, and change the reflectivity
of the earth. Emissions from high stacks
are joined by other sources of air pollu-
tion at high altitudes. Rocket exhausts
and jet aircraft also introduce contami-
nants. When our supersonic transports
start to operate at 70,000 feet, air pollu-
tion will extend to the fringes of the
atmosphere. This, then, is another area
for which intensified research efforts are
indicated.

Mr. Speaker, I feel strongly that the
provisions of the Air Quality Act of 1967
are an imaginative and practical se-
quence to our air pollution control efforts
to date. They would provide the means
for bringing the progressive action in
which the Federal Government, State
and local authorities, and private indust-
ry could participate effectively. I urge
that we give each section our careful and
favorable consideration. Thank you.

SENATE

THURSDAY, NOVEMBER 2, 1967

The Senate met at 12 o'clock meridian,
and was called to order by the President
pro tempore.

The Chaplain, Rev. Frederick Brown
Harris, D.D., offered the following pray-
er:

Our Father God, as in reverence we
hallow Thy name, so may we hallow our
own, keeping our honor bright, our
hearts pure, our ideas unshakable, and
our devotion to the Nation's well and
ture.

We are grateful for this sweet time of
prayer, that calls us from a world of
fire, to the peace, light, and health of
fours. Let us use this sacred hour to
make all our wants and wishes known.

At this altar of devotion we would be
sure of Thy presence and our prayers
lead us back to a notary, crowded way.

May the great causes that in these agi-
tated times beset our family, and
especially the crusade to preserve
threatened freedoms for all Thy children,
the selfless ministries, that help to heal
the world's wounds and rebuild its
places, the attitudes that create good
will and make possible at last a just and
righteous peace, command the utter
allegiance of our labor and our love.

We ask it in the name of that One
whose truth shall make us all men
free. Amen.

MESSAGE FROM THE HOUSE

A message from the House of Repre-
sentatives by Mr. Hachney, one of its
members, transmitted, the Speaker
noted that the House had passed the bill (S. 886) to
amend the Federal Flood Insurance Act
of 1956, to provide for a national pro-
gram of flood insurance, and for other
purposes, with an amendment, in which
it requested the concurrence of the Sen-
ate; that the House insisted upon its
amendment to the bill, asked a confer-