CONGRESSIONAL RECORD — SENATE

MARYLAND COMPANY AIDS Ghetto Jobless

Mr. BREWSTER. Mr. President, there has been much discussion in the Chamber of the need for private industry to increase its commitment to providing jobs for the hard-core unemployed.

This morning, I was delighted to hear in the Washington Post that a leading Mayhew, Maryland, company has made a significant move in this direction. The Fairchild-Hiller Corp., an aerospace company with headquarters in Gaithersburg, Md., has joined with the Model Inner City Community Organization of Washington, D.C., in forming a new company, Fairmico, Inc., which will be located in northeast Washington.

The new company will hire from 60 to 80 hard-core unemployed people within the next few weeks and will put them to work building its defense systems under Government contract. Plans are underway now to sell a majority of the company’s stock to its employees and other residents of the Washington inner city.

Mr. President, this initiative on the part of Fairchild-Hiller is the result of progressive thinking and a forthright desire to take action immediately to improve the conditions of those without jobs in the ghettos of Washington. I believe Fairchild-Hiller has undertaken a highly commendable initiative of its own and that the firm’s officers, especially Edward G. Uhl, president, deserve great praise for what they have done.

Mr. President, I ask unanimous consent that the article published in today’s Washington Post describing the formation of the new Fairmico company, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record as follows:

**CHETTO-MANKES LLC IS SET UP TO HELP GHETTO JOBLESS**

(By Robert G. Kaiser)

The Fairchild-Hiller Corp. and the Model Inner City Community Organization have formed a new company, Fairmico, Inc., which will be managed and partially owned by residents of Washington’s ghettos.

Fairmico will begin operating March 15. Its first job will be to produce wooden building materials for the Department of Defense, a significant step toward the Small Business Administration.

The firm will hire up to 80 “hard-core” unemployed people in the coming weeks. These workers will be trained and put to work building the wooden platforms in Fairmico’s newly leased factory, an old department store warehouse on 20th St. N.E.

Robert G. Kaiser (ibid.) hopes to have 200 or more on the payroll.

The Federal Government has given Fairmico a $4,800,000 contract to build 100,000 wooden building materials for its operations. Two contracts totaling $74,000 are for training and technical assistance; the third, for $2,200,000, is for the building platform.

An additional amount, perhaps $200,000, will be raised through a stock issue. Fairmico’s board of directors wants to sell a minority of the company’s stock to residents of the inner city and employees.

Spokesmen for Fairchild-Hiller Corp. told me the new company would be stockholder. “Fairchild-Hiller has signed an agreement with the Model Inner City Community Organization,” Mr. Uhl said at a press conference.

Mayor Walter E. Washington, president of the Community Organization, said at a press conference Sunday that the Mayor had set aside his reservations about the new company yesterday.

The Mayor also said that the new company’s progress will be monitored by a new Outer City Community Development Board, which will make a job-training program for the new company.

The first job to be filled will be a part-time clerk. Officials said they would not consider individual members of the Model Inner City Community Organization for employment.

Mr. Uhl was established by several unemployed men for the purpose of providing employment opportunities for them. The firm will help the Fairchild-Hiller Corp. in the operation of Fairmico by providing a new building site.

Mr. Uhl was looking for a president and general manager to fill the new job.

As Fairchild-Hiller vice-president, Mr. Uhl said the firm’s first goal is not to expand into woodworking into sheet metal work and electrical production. Officials foresee construction of wooden furniture, trash cans, relaxers, lighting fixtures, printed electrical circuits, and other small electrical equipment.

The firm plans to expand into these areas, and its first plan for training men and women capable of producing these goods.

To apply for grants from the Small Business Administration, Mr. Uhl said that the company must have set up its Model Inner City Community Development Corp., a non-profit group, wholly owned by Fairmico.

Edward G. Uhl of Fairchild-Hiller, said yesterday that his company’s involvement in Fairmico would become smaller and smaller as the new company grows stronger.

THE ELECTION OF BERNARD SEGAL AS PRESIDENT OF THE ABA

Mr. DODD. Mr. President, the unanimous selection of the American Bar Association as president-elect of the American Bar Association is an indication of the great tradition of this organization.

I have known Mr. Segal for many years now, and I must say that I was in no way surprised to hear that he will be elected president of the American Bar Association. Indeed, the American Bar Association is a uniting force for the profession of the president of the American Bar Association.

Mr. Segal is widely recognized as a lawyer’s lawyer and as one of the ablest members of the American Bar. As an intellectual, he has a scholar’s love of the philosophy of law. As a practitioner of the law, he has done far more than merely represent his clients; he has, through his unflagging efforts, sought to make the law more rational and more effective vehicle for the administration of justice.

I am glad to have prompted him to lead the American Bar Association in its successful efforts to play a more vital role in the selection of Federal judges.

Mr. Segal’s love of true justice, and his boundless energy, have raised the caliber of judges in Pennsylvania and throughout the country as well.

With Mr. Segal at its helm the American Bar Association is certain to be an even more effective force in the crucial struggle to improve our judicial system.

I congratulate the American Bar Association on its wise decision in selecting Bernard G. Segal as its next President, and I congratulate Mr. Segal on this richly deserved honor.

MILWAUKEE JOURNAL SUPPORTS HOUSE TRUTH-IN-LENDING BILL

Mr. PROXMIRE. Mr. President, recently the Milwaukee Journal published an editorial endorsing the strengthened truth-in-lending bill passed by the House of Representatives. The editorial supports the wage garnishment provisions of the truth-in-lending bill which would restrict creditors from taking more than 10 percent of a person’s weekly salary in excess of $20. The editorial points out that these provisions would be of particular value in Wisconsin, where creditors can obtain the garnishment even before a judgment is entered.

Mr. President, I ask unanimous consent that the editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

**CONSUMER CREDIT PROTECTION**

House passage of a tough “truth in lending” bill, a component of a personal triumph for Rep. Leon Sullivan (D-Ohio), who has fought the good fight for legislation to let the often baffled consumer know how much his savings-perhaps even as much as his savings—will cost him. Carried by an overwhelming 362 to 4 vote.

This version is considerably more sweeping than the one passed earlier by the Senate. Now the whole matter goes to conference committee.

Like the Senate, the house would require that the credit user be told in advance the total finance charge in dollars, and the approximate annual interest rate on the declining balance. Unlike the Senate, however, the house would require retailers, such as department stores, to state their interest charge at an annual—not monthly—rate on revolving charge accounts. The house also knocked out a Senate exemption in disclosure when the credit charge is less than $10.

In the cap off things off, the house tackled on a provision to restrict the sometimes cruel garnishment of people’s wages by creditors. Only 10 percent of a debtor’s wages above $60 a week could be attached. Employers would be placed under place where the first time a garnishment is filed against them. These provisions would be of significant value in Wisconsin, where existing law permits creditors to garnish a debtor’s earnings and offers no protection against disbursements. Federal action, however, would not in the least joy the fact that Wisconsin permits wages to be garnished even before a judgment is obtained in court.

The tougher house version is given a fair chance of success in conference. For the sake of consumers in the $100 million consumer finance jungle, it deserves success.
USDA HALTS PURCHASES—CHEESE PRICES DROP

Mr. NELSON. Mr. President, last week's decision by the U.S. Department of Agriculture to discontinue purchases of cheese for school lunch and welfare programs caused price reductions of 2 cents a pound on cheese milk prices for milk produced by dairy farmers.

There is every indication that this sharp drop in cheese prices will be quickly followed by corresponding declines of up to 20 cents per hundred pounds for milk produced by dairy farmers.

This potential 5-percent price reduction on milk comes at a time when parity prices for milk are declining at a faster rate than nearly any other agricultural commodity.

I have urged Secretary of Agriculture Orville Freeman to reconsider the use of cheese for export in the food-for-peace program and take action on my earlier request. This is primarily to restore the pricing of milk to the full 90 percent of parity permitted by law, or approximately $4.27 per hundred pounds. The present support price is $4.09, or less than 9 cents a quart.

I urge the give renewed attention to the opportunities to use dairy products to a greater extent in the food-for-peace program.

Nonfat dry milk is being displaced more and more, in quantitative terms, with nonmilk components added to it from vegetable and soybean meal. This has resulted in a sharp reduction in the volume of dairy products that are finding export outlets and, therefore, contributes to the weakness in the price of milk sold for processing into cheese, butter, dry milk, and other dairy products.

SENATOR MORGES GREAT PUBLIC SERVICE IN REVEALING TRUTH ABOUT TONKIN GULF INCIDENTS

Mr. GRUENING. Mr. President, the able and distinguished senior Senator from Oregon (Mr. Morse) deserves the thanks of the entire nation for his efforts during the past week to bring to light the truth about what happened in the Gulf of Tonkin between July 29 and August 4, 1964.

Even while the now famous Tonkin Gulf resolution was being debated on the floor of the Senate—a joint resolution which only he and I voted against—a joint resolution which was used to justify the vast escalation of the war in Vietnam—both he and I expressed doubts that even the American people were being told all the truth.

That suspicion is now confirmed.

A careful reading of Senator Morse's great speeches in the Senate and the transcript of the February 20, 1968, hearing before the Senate Foreign Relations Committee on the 1964 Gulf of Tonkin incidents show clearly that when Secretary of Defense McNamara testified before the Committee on Foreign Relations and the Select Committee on Intelligence, and jointly, he did not tell the whole truth. It is clear now that the U.S. destroyers in the Gulf of Tonkin were constructive aggressors—provocateurs—on August 2 and 4, 1964, and the North Vietnamese could logically come to the conclusion that the U.S. destroyers were a part of the operation of the South Vietnamese.

United States supplied vessels attacking the North Vietnamese bases.

There is every indication that the United States reacted more strongly than the facts justified and even before the facts were definitely ascertained.

It seems to me that the facts now brought to light call for a complete reexamination of the attacks on which the United States instituted its bombings of North Vietnam for the standpoint of the North Vietnamese it would seem obvious that the United States at the Sullivan Bill (H.R. 16001), or a combination of both, the federal government will soon start regulating and issuing rules pertaining to the operation of all consumer credit. And the finance business is a very big part of the consumer credit industry.

In all probability, a so-called “truth-in-lending” bill of some type will be pushed before Congress at the presidential Convention in August and from that day forward we will be under federal control.

The basic premise of legislation is that the consumer has not been fully informed on the cost of credit because it has been kept from him at simple annual interest. Therefore, in one sense the consumer is not as likely to understand, and not be able to make a wise choice in his use of credit. It is essential that Congress clear the way by passing this bill.

One decision the finance industry will have to make in this connection is how it is going to adjust its operations, now and in the future. The decision on the part of our industry regarding these two activities is not going to be easy, but it will be necessary.

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Mr. President, I ask unanimous consent that the editorial be printed in the RECORD.

The absence of objection, the editorial as ordered to be printed in the RECORD:

Mr. PROXMIRE. Mr. President, one of the jobs of Washington trade associations is to inform Members of Congress of the views of Congress. In other words, communication is a two-way street.

This need not necessarily be so if one does not make these reports. It is the duty of Washington trade associations to accept the things I cannot change; the courage to accept the things I cannot change; the wisdom to tell the difference.

Two very important matters are coming up soon. The first is the decision Congress will have to make on federal regulation of the consumer credit industry. This gear that can, and no doubt will affect the future of this industry for many years to come. The second is the decision Congress will have to make on the Uniform Consumer Credit Code. The second is the decision Congress will have to make on the Uniform Consumer Credit Code. The second is the decision Congress will have to make on the Uniform Consumer Credit Code.

The basic premise of this type of legislation is that the consumer has not been fully informed on the cost of credit because it has been kept from him at simple annual interest. Therefore, in one sense the consumer is not as likely to understand, and not be able to make a wise choice in his use of credit. It is essential that Congress clear the way by passing this bill.

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EXTENSIONS OF REMARKS

March 5, 1968

"You know how witnesses usually clam up on a case of this kind? Well, this time it was unusual. There were 60 wit- nesses who volunteered to help the police. I never saw such willingness to cooperate."

A few years ago, a Washington bus driver was beaten up by some youths. When police arrived, all 30 passengers on the bus said they'd seen nothing or heard anything. They appeared to be in no position if they testified, and afraid of the police as well. Today, perhaps, there is a growing awareness that if we want to save we must all "become involved."

READY, AIM, FIRE

A promising young police officer with a visit last Tuesday by a young man who was exercising the National Rifle Association's constitutional right to possess and carry a pistol around with him a loaded pistol. The man charged with this crime was arrested less than a year ago asleep in a car with a loaded revolver. What legitimate use had he for such dangerous weapons? Why does the community permit such men to acquire arms which have no purpose or utility save the killing and maiming of people?

On Thursday, a 19-year-old University of Maryland sophomore was shot in the leg by a campus policeman who caught him par- ticipating in a demonstration on the campus. Why does a campus cop fire recklessly? The NRA bears all the responsibility. It has been in a position to prevent that pistols are playprops and it is by effort to limit pur- chase or possession to those persons who have some genuine need for such weapons. No day goes by without some tragedy re- sulting from the indiscriminate possession of pistols. A child who owns a pistol is a playmate with fatal consequences. A wife disapproves of one of his deadly toys when her temper is control. And young persons who otherwise have the handout are emb- arrasing a pistol to hold up and the gun anyone who haps into this kind of slaughter- ter continues. No sport is served by this. Pistols ought to be scarce in the com- munity—except for military personnel and law-enforcement officers. Control should be just as hard to purchase. They are less lethal.

Address by Congresswoman Sullivan at Workshop on Consumer Credit in Family Financial Management, Sponsored by District of Columbia Home Economics Association

HON. LEONOR K. SULLIVAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 5, 1968

MRS. SULLIVAN, Mr. Speaker, one of the most stimulating, and potentially one of the most important, community action meetings I have attended in a long time was held Sat, 2/2, 1968, in the National Education Association Building. It was a workshop on consumer credit in family financial management sponsored by the District of Columbia Home Economic Association.
March 5, 1968

The members of this organization come from Federal agencies, State and local governmental units in this area, the school systems, and private business. It is an outstanding group of people who are interested in the most basic problems of the community, and I was delighted to be able to meet with the members of this organization to discuss consumer credit issues from the legislative standpoint.

The workshop, which began at 9 a.m., did not adjourn until 4 p.m., reviewed such issues as local laws on credit, sources of credit, education in the use of credit, the psychological and sociological aspects of credit, as well as the Consumer Credit Protection Act. It was an educational experience, and I believe that the House Committee on Banking and Currency should sponsor workshops similar to this one to help educate the public about the use of credit.

Mr. Speaker, consumer credit is a valuable economic tool which makes possible the high level of consumer goods and services now available to the American people. But the misuse—the abuse—of consumer credit is one of our most serious domestic problems. Congress can pass laws and the States can do their part, but the problem will not be solved until and unless more groups which have direct dealings with the low-income families in our communities educate the American people about the basic problems of consumer credit. Congress can pass laws and the States can do their part, but the problem will not be solved unless and until more groups which have direct dealings with the low-income families in our communities educate the American people about the basic problems of consumer credit.

I received no help whatsoever from the Department in those days for my food stamp proposal, and since the surplus foods were distributed, I wanted to help the many unemployed people in my area, which was then in direct dealings with the Missouri Extension Service. As it turned out, the Missouri Extension Service did not provide either a nutritious or a satisfying food to the needy, at a time when I was trying to get a food stamp program through, we can—through laws and through education—to help the potential victim avoid or overcome his problem. Full disclosure of the real costs of all types of consumer credit, as required in my bill, would provide the necessary information a consumer should have in order to make an informed and intelligent decision. For those for whom excessive use of credit, regardless of the reasons, is a problem, I believe that as a matter of own way of life, the fact that he is paying 36% or even 100% or more, for credit will not deter the credit addict from satisfying an extravagant want, whether it is buying something fashionable or an impossible tribute, owing and due in some future. But to the extent that Congress can help, either by civic or church activities, bring you in contact with these unfortunate victims of the flaunting on every hand of American material abundance, all of you can help countless individuals and families to recognize the traps and dangers, and to exercise some absolutely essential restraint.

Most consumers try to use credit properly. Too much of what everyone wants but cannot afford, for instance, is made available to those who can afford it least—offered temptingly, like candy to a child—and taking the profit out of this kind of oversell is almost impossible as long as foolish and uneducated people bedazzled by the glitter of merchandise they don't need and can't afford, will sign anything, and accept any terms, to obtain it. I have made a particular point of that fact—emphasizing it perhaps too much here today—of the need to bring it in some perspective the purposes and the limitations of the kind of legislation we can pass in Congress and in the State legislatures to deal with credit abuses.

While of only limited help to the credit addict, this legislation can be of vital assistance to the vast majority of consumers who ask only a fair deal in the marketplace, who intend to pay their debts and will do so under even the most difficult conditions and circumstances, but who are utterly confused about the true cost of credit and completely frustrated in trying to use this magic device in an informed manner. Even the most credit-abusing firms and institutions have had to disguise the actual rate of interest being charged for mere forms of credit.

I know of one specific example of that—right in the Congress of the United States. This is a scandal, but a case of going along with the pattern of the whole credit economy.

I select it as an example only because it shows that the very best of institutions for extending credit are not always on the look-out for the consumer. Let me tell you the story of the subcommittee on Agriculture of the Senate which studied credit problems in the country. As a result of受到影响
ANNUAL RATE DISCLOSURE IS ESSENTIAL

I am referring to a notice on the bulletin board of the Congressional Employees Federal Credit Union. My Chairman, the House Committee on Banking and Currency, Congressman Wright Patman of Texas, who has done more than any American to help make the credit union movement possible and victorious in providing membership groups with the ability to help themselves and each other in financial matters, often describes the credit union as being not only to the church as an instrument for community good, and I am an enthusiastic supporter of credit unions, too.

Most credit unions make loans to their members for 1% a month; on secured loans, it is often less. Of course, 1% is a month on the unpaid balance and interest is charged on the unpaid balance at the end of a year. This is the way it should be expressed. It is the way the House truth-in-lending bill would require it to be expressed—just for credit unions, of course, but for all consumer credit lenders or sellers. Annual percentage rate disclosure has always been the heart of the truth in lending idea first proposed in legislative form by former Senator Paul H. Douglas of Illinois eight years ago. And the credit unions, I might add, support the concept. I have never heard them express it themselves—not yet—not generally, and the reason, as we brought out in the hearings on this bill, is that the credit unions expressed their rate on an annual basis of 12% while every other credit institution was using monthly rates, or the add-on or discount or point or other methods. Thus, the low credit union rate would sound fantastically higher than everyone else’s.

EVEN THE BEST OF CREDIT INSTITUTIONS USE CONFUSING TERMS

And that brings me to the notice on the Congressional Employees Federal Credit Union bulletin board which advertises that at 1% interest a month on the unpaid balance, a $1,750.00 loan repaid in 12 months at $868.00 a month (except for the twelfth month when the balance is less than $868.00 costs only $48.75 in interest. The interest, the notice adds, and I quote, “equals out to approximately 61 1/2 per cent.” And an illustration given on the leaflet proves this: 61 1/2% times $900.00 equals $569.75.

Well, I hope everyone here realizes that the rate referred to in this illustration as 61 1/2 per cent is not the true interest rate, but rather the rate on your loan repayable on the original amount, not on the unpaid balance, as if you had the use of the full $1,750.00 for 12 months instead of just one month. The interest figure of 61 1/2 percent is almost double that given in the illustration—12 percent—12 times the monthly rate of 1% on the unpaid balance—rather than 61 1/2%.

Another illustration on the same bulletin board notice describes what is actually a 9% per year interest rate on a secured loan as having an interest charge which equals out to only 4.8% per annum.

Please let me repeat that in using this illustration I am not singling out the Congressional Employees Federal Credit Union for doing something awful. They are following exactly the practice of the banks and other consumer credit institutions in citing as “interest rate” percentages which are constructed on a basis other than that which the average consumer would use to calculate what kind of misinformation, including completely false statements, unduly alarm consumers often receive from the fringe and gypsy elements in the consumer credit industry.

STRONG CONSUMER CREDIT PROTECTION ACT NOT YET ENACTED

Professor Morse has done a remarkable job in economics in this field to the intricate technicalities of consumer credit terminology and deceptions, and the hearings of my subcommittee, I believe, have brought out the point that we are at the starting line in this field. Based on the overwhelming passage in the House on February 1 of H.R. 11601, the first Section 7a of which provides for the requirement that the people now assume the battle has been won and we are inevitably going to end up with a strong, all-inclusive, and very effective law on consumer credit protection, I might add.

I am not at all convinced that such optimism is justified. The Senate passed a bill last year which contained only a partial truth-in-lending bill—one with great gaping loopholes through which a tremendous volume of consumer credit transactions can easily be channelled. Only one of the five Senators on the Conference Committee has indicated general support for the strong version of the legislation passed by the House.

The Senate bill does not apply to the advertising of credit. It provides no machinery for the enforcement of individual, victimized consumer would have to initiate his own law suit to obtain redress. There is not a word in the Senate bill dealing with the overcharges of 100%, sometimes encountered in 100 states by predatory credit outfits preying on the gullible poor and hounding them to ruin. Even so, that’s just the beginning of the battle. Once the consumer knows of the law, the path of garnishment followed by joblessness, and then bankruptcy as the only way out.

MANY DIFFERENCES IN HOUSE AND SENATE EDITIONS

The Senate bill establishes a privileged sanctuary for all transactions in which the credit charge is less than $10.00—that would mean, almost any amount a creditor charges about $10. The creditor in such a transaction would not be required to state any rate at all, even though he could be charging percentage rates in the hundreds, compared to the four to six percent the same consumer now receives on his savings. And there is another privilege in the Senate bill for department store revolving credit—under the Senate bill the rate could be stated merely as a monthly rate of, say 1 1/2%, rather than at the true rate of 18% per year.

The House bill, I am proud to say, recognizes the dangers in these omissions and loopholes by including in comprehensive consumer credit bill ever introduced in the Congress and it is certainly the strongest and most complete legislation that has ever faced a battle—a real battle—to retain its essential features in conference.

All Senators, and most House Members, are being derailed with mail attacking Title II of the bill dealing with garnishment. This Title restricts garnishment to only 10% of a worker’s pay over and above the credit charge. We also prohibit the firing of a worker because of a single garnishment. This does not go nearly as far as Pennsylvania, Texas or Florida, and several other states, have gone in protecting the wage-earner against the tragic consequences of garnishment laws. But the cutting and chopping of their clients and associates, are frenziedly predicting the end of consumer credit in this country if we pass a law restricting garnishment to moderate terms. But they cannot explain how credit has managed to exist in states which prohibit garnishment entirely.

GARNISHMENT TITLE IN JEOPARDY

The people who suffer from repeated garnishments are not the farmers, but shopkeepers, overwhelm by unscrupulous merchants—yes, that is the thrust of the testimony we received from the highly respected Federal Court bankruptcy referees who have made a study of this problem—those people. I repeat, who suffer from this contemporary form of debtors’ prison, do not write letters to Members of Congress as these people in the social work and related fields know who these people are and the problems they encounter.

Can you help us to remove the cover of oblivion which hides the unseen suffering in this area, this area, so that the Senators, who will soon be considering this problem for the first time in a piece of national legislation, will be more aware of what was previously done in the House, on the only test vote we had on garnishment, on a nonsubstantive section of the Title—we got off the record a vote of 101 to 98. Had this issue come to a rollcall, I am sure the margin of victory would have been much greater. But it is a new issue in Congress, the collection agencies are being heard from on it over there.

There are numerous other provisions of the House bill which are new to Senate consideration in connection with truth-in-lending or consumer credit protection legislation, and I am sure that those who are interested in the details and technical provisions will read the Congressional Record for February 1, 1968, for the full debate on the bill.

CONSUMERS MUST REALIZE CREDIT IS EXPENSIVE

In the meantime, however, I urge you to do what you can to spread the word on the advisability of the House bill, which is to strip away the legal jargon and replace it with legal terms which mean very precise things to the creditor, and nothing whatsoever to the average consumer. The consumer assumes that somebody in his state or at Federal go vernment has laid out clear and equitable rules for regulating the credit industry, and he further assumes that the rate himself is given, it is a meaningful one. But when he tries to figure out his actual rate on an actual transaction, other than on real estate, he frequently finds he is confused and he blames himself for being poor in mathematics. Perhaps he is. But that’s not the reason he is having so much difficulty understanding what credit costs him. Consumer credit is often deliberately planned that way, to make it incomprehensible to the customer. Even real estate transactions are not as confusing as they should be.

Poorly informed in the field in the fact that we grew up thinking 6% was a fair and reasonable rate of return on borrowed money, and we still tend to think that is about the figure to which we are entitled. We have got used to the idea that the banks are paying 5% on some types of deposits, and other savings institutions are paying more—and that it costs big business about 6% or more to borrow. Money is expensive—it is now terribly expensive by any standard. Yet, when the signs say you can borrow from your credit union at approximately 61 1/2%, how many people think that is only a fraction of a percentage point higher than Genex? Or only 21 2/3% more than the bank pays you on a regular savings account?

If and when we get a good consumer credit bill through Congress—and I hope it is more “when” than “if”—those consumers who are interested enough to try to understand their credit costs, and who wish to compare credit offers from different lenders (perhaps discovering, in the process, that it is usually far better to use their own savings and pay 8 or 9% than the 8 1/4% bank rate), will have the information they need in order to make these computations. But a lot of people won’t bother. And it’s going to be up to us—lender and borrower—to educate them to do so. The law will be only as effective as you and other intelligent, motivated, caring professional economists and sociologists make it, by stimulating the pub-
Tires Discounted As Cause of Accidents

HON. ROBERT MCCLORY
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Tuesday, March 5, 1968

Mr. MCCLORY. Mr. Speaker, at a time when travel within the United States is being encouraged, the subject of highway safety takes on increased importance. Today in Chicago, Ill., the results of a significant 2-year study of the causes of expressway automobile accidents were announced. Among the interesting findings of this independent study by the Northwestern University Traffic Institute is the fact that few expressway automobile accidents—between 0.9 and 2.4 percent—are caused by flat tires. It is to be hoped that an examination of this Northwestern University report on the causes of automobile accidents will help American motorists take the necessary precautions to avoid many future highway mishaps.

I wish to congratulate the Rubber Manufacturers Association for providing the financial assistance which made this comprehensive study possible. Among the companies contributing to the cost of this survey is the Goodyear Tire & Rubber Co., which maintains a manufacturing facility at North Chicago, Ill., in the 12th Congressional District which I represent. I salute the Goodyear organization, the tire industry, and the Northwestern University Traffic Institute for their initiative in making this helpful study. In particular I salute Mr. J. Stannard Baker, director of research at the Northwestern University Traffic Institute, the Illinois Toll Highway Commission and the Illinois State Police who cooperated in the investigation.

The special information found in this new report should help the motoring American become a safer driver. Mr. Speaker, I insert in the following summary of the Northwestern University Auto Accident Study:

**Flat Tires Contributed to Only 0.9 to 2.4 Percent of Expressway Auto Accidents Northwestern University Traffic Institute Survey Released Today**

CHICAGO, March 5—Flat tires contribute to only between 0.9 and 2.4 percent of automobile accidents on expressways. It was indicated in a Northwestern University Traffic Institute study released today. Of 1,484 recorded auto collisions in the Chicago area from September 1966 to August 1967, nearly 1,484 (2.42 percent) and possibly as few as 13 followed flat tires, according to the study. This was between one in 40 auto accidents and one in 100 of all auto accidents. It was flat tires involved in accidents which definitely followed a tire disaster. The study was by J. Stannard Baker, director of research at Northwestern’s Traffic Institute, with the aid and cooperation of the Illinois State Toll Highway Commission and the Illinois State Police, Tollway Battalion. The study was financed by the Rubber Manufacturers Association.

**EXTENSIONS OF REMARKS**

Very few flat tires lead to auto accidents, Baker noted. An average of about 120,000 tire accidents in the United States during the test period covered successfully with an estimated 1,700 (0.06 percent) to 4,300 (0.02 percent) an accident. "Automobile traveled on a near-nil tire 24 hours a day for 12 months," said Baker. 36 million to 100 million tires contributed to an accident. In other words, driver must be traveling around trips to the driving as 800 people would do in the period in the study. The range of percentages was caused by the complete data on complete in the study. Baker said, was necessary incomplete data. In some cases it was not possible to interview accident on non-accidents, or wrongly assume that a tire went flat during an accident, said Baker.

"And from our data, there is no reason to believe that accidents follow tire failures more severe than other motor-vehicle accidents."

Despite the full fencing of the Tollway, more than twice as many disabled cars, 143,848 per cent had one or more tires which failed to meet minimum state and industry recommended inspection standards for inflation, load, tread wear, cracks and blisters.

"Blowouts" were no more likely to cause accidents than flats. Two-ply tires with four-ply ratings were no more likely than other tires to be involved in accidents.

The new study confirmed Baker’s impression that his survey of single-vehicle accidents on U.S. 66 overestimated tire disablistment as a factor in accidents. In this study, sponsored by the U.S. Bureau of Public Safety, 561 single-vehicle accidents during 1964 on U.S. 66, a limited-access road, resulted in 664 tires. He found that tires were reported to have contributed to 11 percent of the single-vehicle accidents. This figure was derived from questionnaires filled out by cooperating highway patrol investigators, without any actual examination of the actual tires. Inspection of the actual tires would probably have led to a lower figure in the route 66 study, Baker said.

Elementary and Secondary Education Act

**Produces Two Heroes**

HON. PETER W. RODINO, JR.
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Tuesday, March 5, 1968

Mr. RODINO. Mr. Speaker, recently I was greatly honored to present the Red Cross National Award for Heroism to