The project which was turned down in the conference as a feasibility study called for a study to consider the transfer of water from the Pacific Northwest into certain other areas of the country.

I would certainly hope that some day in the very near future the Bureau of Reclamation would be authorized to undertake that study.

Mr. JOHNSON of California. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. REINECKE].

Mr. REINECKE. Mr. Speaker, I would like to point out a few more things regarding these particular studies.

The study here is actually a reconnaissance rather than a feasibility study.

The problem that the other body had on this is simply that a reconnaissance study does not require congressional authorization whereas feasibility reports are required to have congressional authorization.

So what we were doing on this was something that they have the authority to do without legislation.

The Senate decided this might establish a precedent, so that sometime in the future certain agencies might use it as a shield to avoid reconnaissance studies.

The reason I offered this amendment in the first place is simply because we are not able to get adequate recognition from the Bureau of Reclamation on this particular project. We added this as a sense of Congress and that sense I think has been adequately expressed.

Now there is a date in the report that the Senate has accepted rather than to write this study in as an amendment, so that the Bureau must report by December 31, 1970.

This covers a project which if proven satisfactory, could be a very important factor in solving the water problems of the Southwest as well as a possible means of cleaning up polluted rivers all over the country.

While I did not like to give up on the language in the House bill, nonetheless the intent has been accomplished and that the chairman of the Senate Interior Committee has promised that he will personally urge the Secretary of Interior to carry on this reconnaissance report.

Mr. JOHNSON of California. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CONSUMER CREDIT PROTECTION ACT

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 11601) to safeguard the consumer in connection with the utilization of credit by requiring full disclosure of the terms and conditions of finance charges in credit transactions or in offers to extend credit; by establishing maximum rates of finance charges in credit transactions; by authorizing the Board of Governors of the Federal Reserve System to issue regulations dealing with the excessive use of credit for the purpose of trading in commodity futures contracts affecting consumer prices; by establishing machinery for the use during periods of national emergency of temporary controls over credit to prevent inflationary spirals; by prohibiting the garnishment of wages; by creating the National Commission on Consumer Finance to study and make recommendations on the need for further regulation of the consumer finance industry; and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Texas.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 11601, with Mr. PRICE of Illinois in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday there was pending the amendment offered by the gentleman from Mississippi [Mr. MONTGOMERY]. Without objection, the Clerk will again report the amendment of the gentleman from Mississippi.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. MONTGOMERY: On page 40, beginning at line 6 strike out all of section 201.

Mrs. SULLIVAN. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentlewoman from Missouri is recognized for 5 minutes.

Mrs. SULLIVAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Mississippi. This title is not an appendage to the bill placed in it for the purpose of mischief but is an integral part of the Consumer Credit Protection Act.

Someone raised the question on Tuesday as to how a matter like this got into "an interest rate bill." Well, this is not an "interest rate bill," nor is it solely a truth-in-lending bill. I know it is popularly called that, but this is the Consumer Credit Protection Act, and we have many things in the bill which relate to the use of credit by consumers other than the interest charged for credit.

This is one of those important provisions. A Member said on Tuesday that all he had been able to learn about the reasons for inclusion of this title in the bill is that personal bankruptcies were rising. Well, this is most discouraging, believe me, to a subcommittee chairman who held weeks and weeks of hearings and published two thick volumes of hearings and documentation, and to all of us on the committee who spent so much time on this title in committee and in our discussions in the committee report.

I realize it is hard for Members to read 1,221 pages of printed hearings on the bill and 139 pages of the committee report before a bill comes up. But most of the Members have received letters and telegrams from constituents for or against this title from collection agencies and from doctors opposing it and from labor and management favoring it, and I know their offices checked with us to see just what the bill does. I might say I am surprised—I am truly surprised—to find so many doctors clamoring for the unlimited right to garnishee their patients' wages, thus causing family hardship and, in many instances, causing the patient's dismissal from employment.

Surely this is not the way doctors collect many of their bills, but it is the way collection agencies often do, and it would be interesting to know the commission a bill collector charges a doctor for garnisheeing a worker's pay and causing his dismissal. How much of the money thus collected goes to the bill collector and how much goes to the doctor?

But I am getting away from the major issue here. I mentioned the doctors only because most of the mail to Members in opposition to this title came from doctors and bill collectors.

Garnishment is the successor to debtor's prison. Perhaps the opponents of this title of the bill would like to go back to the practice of putting debtors in jail. It is about as effective a way to render a man jobless as to force his dismissal for garnishment.

We have hundreds of pages of testimony on the cruelties of the garnishment system in many States as a means not of satisfying just debts but of selling shoddy or defective goods at high prices to poor people who cannot afford them and who could not pay for them and then using the device of garnishment to force the courts and the employers to do the bill collecting.

How does the Federal Government get into it? Well, for one thing, we are paying heavily in Federal taxes for the operations of the bankruptcy courts in rescuing the garnished workers from financial death. We as taxpayers are footing the bill for this cycle of garnishment, followed by bankruptcy.

But that is only part of it. Garnishment, as cited by some of our largest corporations and by labor leaders, is one of the major factors in the disruption of production and employment. It is a major factor in labor-management discords, because dismissals growing out of garnishment frequently lead to expensive arbitration. Also, it is costly as a payroll expense to business. It is mainly the weapon not of the honest merchant or lender but of the predatory credit sellers who hook a poor ignorant worker on credit terms which are as devastating to that worker as the dope habit—something he can never seem to lick.

Go into the lower courts—we have—and watch the parade of garnishments obtained by the hundreds by the same lawyers each week for the same "easy credit" houses.

If we wonder about the constitutionality or the appropriateness of Federal action in this matter, read the opinion of the American law section of the Legislative Reference Section, on page 1109 of the RECORD of January 25. Then read our hearings, and weep—weep for the in-

humanity exposed there about the sewer of the so-called easy credit racket—not legitimate business, but the bloodsuckers of commerce.

In Tennessee the worker caught in the clutches of gyp credit could have all but $12 of his weekly pay taken away to satisfy debts that he may not even owe. I think that has just been raised a few dollars, but at the time of our hearing, we were told the figure was only $12 a week for a single person, and $17 a week for a family man, plus $2.50 a week for each child under 16, which was protected from garnishment. In Mississippi I believe the amount of a worker's pay exempt from garnishment is $12.50 for a single person, and $25 a week for a family man. In California—the personal bankruptcy capital—our hearings show, on page 1124, that this tool is used almost exclusively by collection agencies, professional bill collectors. We can talk States' rights all we like, but these garnishments flow across State lines and follow, and sometimes hound, a man to his grave.

Are we to believe that without this type of debtors' prison most Americans will not pay honest debts? No, indeed. What we know from our study of this problem is that in a vast number of cases the debt is a fraudulent one, saddled on a poor ignorant person who is trapped in an easy credit nightmare, in which he is charged double for something he could not pay for even if the proper price was called for, and then hounded into giving up his pound of flesh, and being fired besides.

This is what we are dealing with here. So let us shed a tear for the poor bill collector, who would have to depend upon some other method for collecting questionable or fraudulent debts, and for the cheap credit outfit which would have to begin to learn to check a person's financial ability to pay for what they want to entice him into buying.

If we want to know why this is in our bill, please, for the sake of humanity and human decency, read what our hearings show on this dirty business. It is the mainstay of the vermin element in easy credit rackets, and a vote to eliminate this title of the bill is a vote for your "friendly bill collector" and the shark-toothed businesses he services.

Mr. MONTGOMERY. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. I appreciate very much the gentlewoman's yielding.

Possibly I misunderstood the figures but I believe they are a little misleading and might not be correct for Mississippi. I take from the hearings that 75 percent of the resident's earnings due or becoming due are exempt, for Mississippi. In fact this means they are a little better off, for the poor man, than in Missouri. Missouri is listed right under Mississippi.

Mrs. SULLIVAN. Believe me, I do not intend to defend for the State of Missouri on this.

Mr. WIDNALL. Mr. Chairman, I move to strike the requisite number of words.

I should like to put in the RECORD that we did have extensive hearings on garnishment and heard some very enlightening witnesses before the committee. The committee disposition with respect to garnishment was arrived at after having the benefit of some very fine testimony.

I would not want any Member of the Congress to think that this matter was treated lightly.

Mr. REUSS. Mr. Chairman, I rise in opposition to the amendment and move to strike the requisite number of words.

I want enthusiastically to endorse the position just taken by the distinguished gentlewoman from Missouri and by the gentleman from New Jersey [Mr. WIDNALL] in support of the committee amendment position, which owes so much to the helpfulnes of the gentleman from New York [Mr. HALPERN].

In a nutshell, what the Halpern proposal—which has wide bipartisan support—does is to say that this ancient and cruel garnishment doctrine, about which Charles Dickens wrote in his novels about the debtor's prisons, should have some checks placed upon it.

The idea of wage garnishment in advance of judgment, of trustee process, of wage atachment, or whatever it is called is a most inhuman doctrine. It compels the wage earner, trying to keep his family together, to be driven below the poverty level.

In one State, which shall be nameless, wages can be garnished down to a $50 a month pittance. In another State it is $20 a week. In other States it is 50 or 75 percent of the little amount which the wage earner is able to earn.

Not only is it inhuman to ask people who are trying to earn a living and to keep their families together to be subjected to these garnishments, but also the garnishment process is perhaps the worst thing we have for inciting and making possible spurious and ill-advised credit. A merchant who knows he can garnish is very likely to induce a wage earner to overextend himself. The rash of personal bankruptcies which are an unhappy blight upon our country's credit history, which are occurring today, is in large part due to the abuse of garnishment.

States rights have nothing to do with it. We encourage States which want to abolish garnishment, such as Texas and Pennsylvania, to their credit, have done, to continue. We encourage other States to join the ranks.

Certainly, as with minimum wage and with general truth-in-lending propositions, there should be the kind of moderate and sensible control over garnishment which is inherent in the Halpern amendment.

I hope the proposal to knock this out will be knocked down by a resounding "no" vote.

Mr. HALPERN. Mr. Chairman, I rise in opposition to the amendment and move to strike the requisite number of words.

Mr. Chairman, during the lengthy hearings on this bill, incontrovertible evidence mounted to demonstrate that the practice of wage garnishment is directly responsible for some highly undesirable, and growing economic and social ills, including the alarming increase in levels of personal bankruptcies.

Because State garnishment laws vary so greatly in the protection they offer to the debtor, and because, as I shall explain, the consequences of garnishment can be so drastic, I feel that a Federal law in this area is vitally needed.

The consequences of garnishment for the debtor are threefold, and one or more of these consequences has, with increasing frequency, led to bankruptcy. First, depending on widely divergent State laws, the debtor may find his wages completely cut off, or may be left with as little as $50 a month to support himself and his family. Further evidence is hardly needed to show that this is not even subsistence income for an individual, let alone an entire family.

Second, the debtor often may find himself unemployed; employers are often unwilling to accept the additional expense of administering garnishments. And, for the same reason that he lost his job initially, the debtor often finds it difficult to secure another position; employers are not anxious to take on the extra bookkeeping expenses, and furthermore are suspicious of individuals who have fallen into such an undesirable credit position.

Third, either because of his precarious financial position or fearing the mere threat of garnishment and the possible danger to his employment, the debtor is likely prey to the whole host of less scrupulous creditors of the "loan shark" class, who may initially promise an escape from his predicament and who, all too often, are only the precursors of total financial disaster.

Mr. Chairman, with garnishment merely the first step, all of these roads lead increasingly to the ultimate catastrophe of personal bankruptcy. The increase in consumer credit of about 70 percent from 1960 to 1966 has been outpaced by a rise in personal bankruptcies of over 80 percent. And the evidence indicates that garnishment has played a major role in the latter trend.

H.R. 11601 as originally introduced would have prohibited garnishment completely. Recognizing, however, that protection of the debtor must not be accomplished by totally destroying the rights of the creditor, I introduced an amendment to restrict, rather than totally prohibit, wage garnishment. The amendment would restrict garnishment to 10 percent of income over $30 per week, and would prohibit an employer from firing an employee by reason of a single garnishment of the employee's wages. These provisions would not affect those States with stricter garnishment laws; only in these States with weaker garnishment regulations would the Federal law supercede that of the State. The restrictions, however, would not apply to claims for Federal and State taxes or to court-ordered family support payments.

The rights of the creditor to collect his claims in a reasonable manner have, under this amendment, been protected. The lender may even find himself benefiting from such a law, for he cannot collect anything if the debtor is driven into bankruptcy. The amendment

should, also, encourage the creditor to exercise greater caution in his lending practices, to check the credit worthiness of potential borrowers, with the realization that he cannot compensate for the debtor's default by claiming as much of the debtor's income as he pleases.

The fear that, because creditors are partially deprived of their "insurance" against defaults, credit might become less available is in no way borne out by the evidence from those States which either totally prohibit, or severely restrict, the practice of garnishment.

Mr. Chairman, I submit that the economic hardship suffered by individuals, and the instability engendered in the aggregate economy, constitute eloquent testimony to the need for Federal legislation to curb the practice of garnishment. I therefore, strongly urge the acceptance of the committee amendment. It would be a travesty if this provision were not included in this bill. Therefore, I urge that the gentleman's amendment be rejected and the committee position be maintained.

Mr. GONZALEZ. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of title II of the Consumer Credit Protection Act, which would greatly restrict the garnishment of wages to satisfy debts. It is the purpose of this title to eliminate the root cause of the alarming increase in personal bankruptcy, to which many honest debtors are driven in order to keep their jobs and continue to support their families. Garnishment of wages is consumer peonage.

My position has been for total and outright banishment of wage garnishment. My native State of Texas prohibits all garnishment. This works well. It protects the wage earner; it does not harm the consumer credit industry.

Despite my consistent and active support of total garnishment as originally contained in H.R. 11601, the committee amended the bill to restrict from garnishment 90 percent of a worker's wage, although totally prohibiting garnishment of the first $30 per week. However, compromise is at times the better part of wisdom, and I accepted the committee amendments to title II as a reasonable compromise, as have the minority members of the committee.

Title II as amended prohibits the garnishment of a worker's wages to extend to court-determined debts for support, nor to debts for any State or Federal tax. Title II would also prohibit the discharge of an employee because his wages had, on one occasion, been subject to garnishment.

Garnishment laws have been with us for decades. Garnishment was prohibited by the Texas constitution adopted in 1876. Pennsylvania outlawed garnishment in 1945, Florida in 1875, and the District of Columbia in 1902. More recently, North Carolina, New York, and South Carolina have restricted garnishment. Other States, including Michigan, Connecticut, and Hawaii, have at least established prohibitions against firing an employee because his wages had been garnished. Many States, however, inadequately, have established minimums or percentages of a worker's wage which are exempt from garnishment.

And it is illegal to garnish the wages of Federal employees.

The garnishment provisions of H.R. 11601 are not extreme. They substitute minimum standards for a confusing array of State laws, which will be a boon both to out mobile population and companies with credit dealings in more than one State.

On the one hand, title II prohibits more than 10 percent of a worker's weekly wage above $30 from being garnished. The experience of Texas, Florida, and Pennsylvania with absolute restriction of garnishment—a total of 205 years—has not proven to be a hardship on any segment. A study I requested recently from the Library of Congress concluded in this respect that—

> Economic data show that the ratio of installment credit to retail trade is as high in States that do not permit garnishment as in States that do.

We learned in committee hearings of the judgment of a Fort Worth credit bureau manager that there is no more problem collecting debts in Texas, than in other States. Actually, bankruptcy cases are dramatically lower in the States which prohibit garnishment.

On the other hand, the title II prohibition from garnishment of the first $30 of a worker's weekly wage is also a minimum standard. States such as Illinois with a $45 weekly floor would retain their more comprehensive laws.

It is high time that our attitude toward wage garnishment caught up with our attitude toward debt. Our history books tell us that in the early 1800's tens of thousands of our citizens along the Atlantic seaboard were imprisoned for debt, sometimes for amounts less than a dollar. But now installment buying is a way of life, and all types of stores beg their customers to set up revolving credit accounts. Far from being a sin, personal debt is now encouraged and widely advertised for. Today, the attacking of a man's source of subsistence, sometimes without warning, is just as harsh and inhuman a treatment as the imprisonment of debtors was in the past.

Also, it does not seem to me that employers should have to function as collection agencies for creditors. Three major steel corporations—Inland, United States, and Republic—have testified that garnishment deductions from the wages of their employees is a heavy, unwanted administrative expense. In committee we also heard testimony that the processing of each individual garnishment can cost the employer between $15 and $35. Such deductions could easily intrude upon the attentions of an employer's accounting, payroll, personnel, and legal departments

Further, if garnishment requires a court judgment, this process is costly to the community; and if garnishment triggers consumer bankruptcy, as it frequently does, this results in a loss to the creditor.

The experience of States without garnishment demonstrate that it is unnecessary as an instrument to force the payment of debts. Innovations in credit management and credit security have kept pace with the demands of a growing credit economy. There are a vast assortment of remedies for recovering debts other than wage garnishment: Such as prelitigation collection procedures; skip tracing; repossession of articles sold; attachment and execution levies against cars, bank accounts, and homes; liens of various kinds; and judicial examination of judgment debtors.

The garnishment of wages is a particular favorite of unscrupulous creditors who cater to low-income persons with credit problems. "If we take away the garnishee we take away the most important lever of the deceptive seller" is the judgment of Mr. Sidney Margolis, the noted consumer-affairs journalist. Where a reputable credit bureau would counsel against the extension of credit, the unscrupulous creditor will make the loan under any terms he can get, knowing that garnishment will provide him with his money before the debtor ever has the chance to provide for his families' necessities. What we have all too often in garnishment areas is credit deliberately given to people who will not—who cannot—afford to keep up regular repayments.

I repeat, garnishment of wages is consumer peonage. There have been cases of workers committing suicide to escape the tentacles of total garnishment, like putting a man in prison for going into debt, garnishment restricts a debtor's ability to pay. For a poor man—and whoever heard of the wage of the affluent being attached?—to lose part of his salary often means his family will go without the essentials. No man sits by while his family goes hungry or without heat. He either files for consumer bankruptcy and tries to begin again, or just quits his job and goes on relief. Where is the equity, the commonsense, in such a process?

A Federal referee in bankruptcy from California who testified in our hearings said:

> As a referee I do not like to see creditors sustain losses but I must conclude that in most cases the creditor has in many respects created the very problem from which his loss arose. Each of us are paying for these losses when we pay our monthly bills. The creditor merely adds to the normal price a sum sufficient to write off these losses.

A Federal referee in bankruptcy from Tennessee made the same point and went on to say:

> If consumers are not loaded down beyond their capacity to repay, they will have funds available to pay their legitimate debts. I firmly believe that the vast majority of bankrupts really want to pay their debts but, because of low sales resistance and garnishment statutes, they find themselves in an impossible situation and, once wage garnishments commence, their only hope is to seek relief from the bankruptcy court.

Garnishment frequently triggers bankruptcy, somewhere between 80 and 60 percent of the time. This is the conclusion of all five of the Federal referees in bankruptcy who testified before Banking and Currency. Consumer bankruptcies reached 208,000 in fiscal 1967, leading to the cancellation of about $1.5

billion in personal debt. These figures represent not only personal tragedy for 208,000 persons, but the $1.5 billion is a significant loss to the credit industry which ultimately falls on all borrowers.

Virginia, with less population than Florida, has eight times as many bankruptcies. Virginia permits garnishment; Florida does not.

Ohio with about the same population as Texas, has nearly 50 times more bankruptcies. Ohio permits garnishment; Texas does not.

Tennessee, with population and other similarities to North Carolina, has over 25 times more bankruptcies, Tennessee until last year permitted almost total garnishment; North Carolina does not.

California with a slightly larger population than New York, has five times more bankruptcies. California permits garnishment of up to 50 percent of a workers' wage; New York has a law similar to title II. This situation caused a Federal referee in bankruptcy from Oregon to testify:

What disturbs me most is that garnishment affords these young people with some justification for wiping out their debts in bankruptcy. I say young people because the average age of bankruptcy is 29 years and some of them come in as early as 23 and 24 and 25 years. They usually have two or three children. Many of them come to me after court is over to say that they would have been able in time to pay the just bills if they had been given an opportunity, but repeated garnishment had prevented them from holding steady jobs. Our present laws are causing them to lose their sense of obligation."

From personal observation and experience, I can assure my colleagues that the prohibition of garnishment in my native Texas has not slowed the growth of the consumer credit industry, cut down on the ratio of installment buying nor hampered the collection of debts.

The prohibition of garnishment of current wages has by no means put loan companies out of business in Texas—

Agreed the Federal referee in bankruptcy from Dallas.

From what I have learned from other States, particularly Pennsylvania, the credit losses on consumer loans are not any greater in States prohibiting the garnishment of wages—

Agreed the referee from Oregon.

The need to restrict garnishment is simply that the wage earner must have the protection and use of his salary. The fact is that many States have not protected the wage-earning consumer. The consumer is usually underrepresented in State legislatures, while the loan companies and collection agencies maintain aggressive lobbies. I speak from my experience as a former Texas State Senator.

And the fact is that most State laws on garnishment are a hodge-podge of throwbacks encouraging consumer peonage and contributing directly to the alarming increase in consumer bankruptcies.

For these reasons, I strongly urge the passage of effective Federal restrictions on wage garnishment, as contained in title II of the Consumer Credit Protection Act.

Mr. PATMAN. Mr. Chairman, I wonder if we can agree upon a limitation of time on this amendment?

How many of the Members would like to talk on this amendment?

I see five standing now.

Mr. Chairman, I ask unanimous consent that all debate on this amendment close at 10 minutes to 2.

Mr. ABERNETHY. Mr. Chairman, reserving the right to object, I would like to point out that all of the time up to now has been taken by those who are against the amendment. I would like to have at least 4 or 5 minutes to speak on the amendment.

Mr. PATMAN. Each Member would have 5 minutes. That will be 25 minutes. Now the gentleman from Mississippi [Mr. MONTGOMERY] has gotten up, and the chairman of the subcommittee. Therefore, Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection

The CHAIRMAN. The Chair recognizes the gentleman from New Hampshire [Mr. WYMAN] for 4 minutes.

Mr. WYMAN. Mr. Chairman, I understood that the gentleman from Texas announced that there would be 5 minutes given each one of the Members who were standing; is that not correct?

The CHAIRMAN. Does the gentleman from Texas desire to reply to the gentleman from New Hampshire?

Mr. PATMAN. Yes. I thought that there were six Members standing at the time, but if there were more than that—were there seven Members standing?

The CHAIRMAN. There were eight Members standing.

Mr. PATMAN. Mr. Chairman, I believe they all should be entitled to 5 minutes each.

Mr. Chairman, I ask unanimous consent to revise my previous unanimous-consent request, so that each of the eight Members who were standing may have 5 minutes apiece.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from New Hampshire [Mr. WYMAN].

Mr. WYMAN. Mr. Chairman, I hope I shall not take the 5 minutes, but I do want to be able to say a few things about this bill, and the pending amendment.

I agree that garnishment can become a monster; that it is a bad boy. I deplore the concept and its abuses, and I concur with what the gentlewoman from Missouri [Mrs. SULLIVAN] has said, and what other Members have said about how it needs to be better regulated to protect our people.

I favor a restriction on the abuses of garnishment by commercial collection agencies as well as others. But the place to address this argument is not to the Congress of the United States, but to the State legislatures. It is not for us here to impose on every State in the Union the New York formula, which is what this legislation does.

Just because there is a difference in the law, and a marked difference, between perhaps what California does, and what New Hampshire does or what New York does, does not give the Congress the power to step in and say "we are going to pass a uniform law." The argument about controlling the monster is for the State legislatures, except possibly in regard to processes of the Federal courts.

Mr. Chairman, fundamentally this title is just a naked preemption of the State law without Federal authority. If this bill were to provide that only garnishment arising from claims arising in or out of interstate and foreign commerce are to be so limited there would be some basis for exercising the jurisdictional prohibition upon the State courts. But to do as this bill does, which is to deny to all of the State courts the power to exercise any process to help a creditor collect from a debtor in that State when the legislature of that State has considered the subject time and time again, and said that the State court is to have this power is to supersede State laws without any foundation of authority whatsoever. The memorandum from the Library of Congress in this regard overstates the case, and is not a valid exposition of constitutional law, when subjected to careful analysis.

Let me give just one example and then I will end these remarks.

Suppose a State legislature wants to let hospitals use the garnishment process. Omit the doctors or the dentists or the nurses—just leave it to the hospitals to have that power in that State. Is that not properly for the State legislature? Of course it is.

The bill we are considering here denies any State legislature any garnishment power except the New York formula of 10 percent above $30-a-week.

I say this is something that we should not impose on any other State. I say this is not because I support garnishment but because it is unconstitutional.

I urge the adoption of whatever formula or combination of formulas or amendments here that will make it clear that while we are in agreement that garnisment is bad and we desire to do something to regulate it but that we are limited in how far we can go by law. We cannot, in my opinion, impose a uniform law on the States in the manner proposed here today.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. JONES].

Mr. JONES of Missouri. Mr. Chairman, I did not intend to speak on this matter at all. I had been going along on this bill because I thought that we were trying to enact legislation to give specific and helpful information to the people who are availing themselves of credit.

It came as a kind of a surprise to me to find out that the committee evidently wants to amend the laws and take away States rights and give an advantage to a deadbeat who does not want to pay his bills, and to take away the recourse that an honest merchant has to collect a legal account.

I have never heard such a conglomeration of naive statements by intelligent people as I have heard about this garnishment law.

How is anyone going to collect from

a deadbeat if you are taking away the tool to collect—the only thing that he has. It just does not make any sense to me.

I have been trying to go along. But the gentlewoman from St. Louis spoke a minute ago about the imposition on these people and she even went so far as to say something about garnishment being a means of collecting an unjust debt. Of course, you cannot collect anything except a just debt. The courts decide when a debt is just. That is a part of it. That judgment has to be made before they can enforce garnishment procedures.

I am not a lawyer but I think we are doing enough to help these people protecting them from usury and hidden credit charges—instead of going further and taking away from the creditor the opportunity to avail himself of the laws of his State to collect money that is due him.

These are not all bad people who use this procedure of garnishment. They are not all crooks. There might be some crooks—I do not doubt that—the small loan companies and things like that. But we are trying to give you a bill that they can work under and control those people. Now you want to take away the only recourse that the legitimate merchant has when he sells goods and the fellow does not want to pay for them.

You say, "No; we cannot go ahead and garnishee him."

Someone mentioned particularly the Federal employees, that we have more deadbeats in the Federal Government or people who know that they cannot be bothered with this thing. I thought that we had taken care of that sometime ago—but evidently we did not.

I have been in favor of the stated purposes of this legislation, but when you seem determined to take away States rights, I am going to give second thought to the bill.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. LATTA].

Mr. LATTA. Mr. Chairman, when this matter was before the Committee on Rules, I raised the question as to whether garnishment was a proper subject in this bill.

I still have a question in my mind as to whether this is rightfully a part of this bill as it deals with loan sharks and high interest rates and notifying the debtor before he goes into debt as to how much interest he is going to pay, and so forth.

I think this is proper. I am for these truth-in-lending sections and support them. I supported the amendments that have been proposed here tightening up these provisions in the bill.

But when it comes to dabbling into States rights—and I am one of those who believe that there are such things as States rights, and trying to impose upon the 49 other States the law of one single State; namely, New York, then I say it is time to stop, look, and listen.

If we are going to start a precedent of having New York State's laws incorporated into our Federal statutes and have these laws take precedent over the laws of the other 49 States, then we ought to know about it here and now.

I, for one, resent having another State telling the State of Ohio what their garnishment laws ought to be by incorporating its laws into our Federal statutes.

We have had garnishment laws in the State of Ohio for many, many years. They have been through the courts and have been upheld many, many times. I have not seen many abuses because I agree with the statement made by the gentleman from Missouri that perhaps we are trying too hard to protect individuals from paying their just debts.

I happen to be of the old school which believes you should pay your just debts. Therefore, I do not believe we should take away a means of collection from a creditor after he has extended his credit to one who wishes it. I do not think the Congress of the United States should go on record here as being for the person who does not want to pay his just debts and against the person who puts up the credit. We have a lot of small business people extending credit. We are not always talking about Sears, Roebuck or the large department stores. We are talking about little individual store owners out in Ottawa, Ohio, or Holgate, Ohio. Sometimes these small businessmen must go into county or municipal courts to collect what is owing them. These small businessmen work long hours for the money to buy merchandise and they deserve to be paid when they extend credit. Now we should not come along with Federal legislation and say that you cannot collect through garnishment proceedings unless you comply with a Federal statute.

I do hope that this House will stop and look at this particular title. I think the title should come out. Take it all out, not only the first section as proposed by this amendment, for it will not do the job, but the entire title. We must have a further amendment to take out the balance of this title under the present parliamentary situation. I hope that this House takes this action so we will have a good truth-in-lending bill and one which will not superimpose the will of New York State on our other 49 States through Federal legislation.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I am pleased to yield to the gentleman from Iowa.

Mr. GROSS. I do not know of any reason why we should take the city of New York or New York State as a model for much of anything. The city of New York has the highest per capita debt of any municipality in the United States, some $4 billion-plus. I would prefer not take New York City as a model for anything.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. ABERNETHY].

Mr. ABERNETHY. Mr. Chairman, I do not know how many merchants there are in the United States. I imagine there are several hundred thousand, perhaps a million or so.

I have not yet lost faith in these American businessmen. Nor have I yet come to the conclusion that every American businessman is a crook or a potential crook as some here in their support of title II seem to conclude.

It hurts me when it is suggested that the average storeowner or department store operator is a cheat, or that he would force the sale of merchandise upon a man simply for the privilege of gouging the salaried man. I would like to believe, and I do believe, that merchants make sales to customers, including wage earners, because they feel they are making a good and fair transaction, one that is good for the customer as well as the merchant.

It is a universal rule that one cannot buy merchandise unless he can show a capacity to pay. There may be a few rotten merchants, or shylocks or cheats, among our multiplied thousands of American merchants; but why should we destroy all of them and a legitimate method of protecting creditors simply because there are a few in the merchandising field who want to cheat or be oppressive.

Since the courts of the English-speaking people were established, suits may be brought for many purposes—for actions in tort, for damages, for trespass, for debt and so on. When the claim is reduced to a judgment, there are only two methods by which the judgment creditor can recover and collect. One is by a levy upon the debtor's property; the other is by garnishment. If a levy upon his property is legitimate, why would not a levy upon his income be legitimate?

One is just as legitimate as the other.

I would like to comment on what the gentleman from Missouri [Mr. JONES] and the gentleman from Ohio [Mr. LATTA] had to say. They were so right and so sound. There are some States that probably do not like garnishment. There are others that do. Let the States make that decision. The time may even come when some States will want to eliminate the right to levy on a man's property to recover on a judgment. Let them make that decision. Why should we establish here the one rule by which every State and every court in this country and every creditor in this country should be guided?

Bear in mind, when we eliminate the lawful right to garnishee wages to recover on legitimate judgment debts, we are going to have a good many merchants who will say, "They have reduced my opportunity to collect on the fellow who may default, so I am just not going to let him have the merchandise." Otherwise the merchant might have done business with the would-be buyer. This garnishment provision will undoubtedly do those you are trying to protect more harm than good. If he sorely needs certain merchandise you, by this provision, will reduce his opportunity to secure credit.

I just hope we will not go far afield from the real objectives of this bill in taking care of consumer credit problems and move into the foreign field of garnishment. Certainly this ought to be left to the judgment of the respective legislatures of the States of this Nation. If Texas does not want garnishment, as they apparently do not, that is all right with me. If Ohio wants it, why not let them have it? Why should we be the judge? Why is it that we substitute our

judgment for that of our great State legislatures, all of them are closer to the people and to this strictly local question than are we here in Washington.

These members who so harshly spoke of garnishment told us how cruel it was, how ancient, how old, how mean, and how rigid and unfair was such a proceeding. Yet they recognize the legitimacy, rightness, and fairness of it by bringing in their own version of garnishment.

Although they condemn garnishment, they do not outlaw it. They bring in their own version of such. They are attempting to substitute their version for that of the State legislatures. Everyone over the Nation must all subscribe to what they say. They are assuming a holier than thou attitude. They superimpose their views and their versions on every State, every legislature, every creditor, and every debtor in this Union on an entirely and completely local matter.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Chairman, does the gentleman not also find it quite interesting that the U.S. Government has the very strange garnishment proceeding, actually one which most people should be offended by. I am speaking of the Internal Revenue Service, which can move in and take your property and income without much notice.

Mr. ABERNETHY. They can move in and take it with much less notice than these business people. Indeed, the Federal authority is more cruel and more vicious than any comparable State authority.

Most business people are not bad. Let us not get ourselves off on the idea that these people are all crooks or that they are imposing on poor people.

In behalf of both the creditor and debtor, the merchant and the buyer, and in support of the right of the States to make a decision on what is purely a local and State matter, this amendment should be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. WAGGONNER].

Mr. WAGGONNER. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Mississippi [Mr. MONTGOMERY].

Perhaps I made a mistake when I left home before daybreak this morning, on my way to the Presidential breakfast, when I left my overshoes at home, because I think I need them in this Chamber to protect my feet today from the tears that have this carpet soggy from crying over the mistreatment of these poor people who have been unable to pay their bills.

The principle of garnishment legislation in every State is exactly the same as it is in criminal laws—it is intended to deter the man who overspends and does not make any effort to handle his personal business in a way that will let them meet his obligations when the time comes to pay his just and honest debts, just exactly as padlocks put on a businessman's door warn a man he will be in violation of criminal law if he breaks that lock and enters when he should not.

Let me explain the reason why we have trouble in the United States today. The number one issue is violence, crime in the streets, civil disobedience. Why? Because people in every level of government, especially at the Federal level, have not yet realized we have an obligation not only to protect the innocent but to prosecute the lawless. When we prosecute the lawless, we are going to get rid of this problem of lawlessness and crime and violence in the streets.

We here ought to give the same protection to the little businessman that the gentleman from Mississippi [Mr. ABERNETHY] was just talking about, that we give to the innocent. We ought to protect him from that occasional deadbeat. These little independent businessmen are not all bad.

This proposal, this title, should not be a part of this legislation today for the obvious reason that there is already a federally authorized study of garnishment legislation, and there is going to be a Federal recommendation.

This Congress approved that study, and it is underway now.

This proposal additionally should not be a part of this legislation today, because members of the committee say, "We are going to drop it in conference. We want it for bargaining power with the Senate." When Members stand up and make that sort of admission they should remember that the Members of the Senate read this debate, also. They know what is going on over here, and they are not going to be hoodwinked or browbeaten in conference when we make statements such as that openly.

The State of Louisiana exempts 80 percent of any individual's income from garnishment. That is pretty generous, in my opinion. I have done law enforcement work. I have served garnishment papers. I know something about it.

When one serves a garnishment paper on an individual in someone's employ, and that man who employs the employee being served does not respond, he becomes, under the Louisiana law, liable for that entire debt.

What about the Federal Government? This is where we should be concerned. This is the subject the gentleman from Ohio [Mr. ASHBROOK] broached a minute ago in the question of the gentleman from Mississippi.

The Federal Government can garnishee every penny of a man's wages, every penny of his bank accounts, to satisfy what? Income tax. If a person has an obligation to pay income tax, he has an obligation to pay his other debts which are just. Why? Because most of these people had no part in levying the income taxes, but they had an awful lot to say about whether or not they were going into a retail establishment to buy the merchandise of a little independent businessman.

What protection are we going to give this little independent businessman? Is he not entitled to the same consideration the purchaser is? Should he not have lawful recourse to the courts of this land?

Do Members stand here today to indict every Federal and every district court in this country, which would allow garnishment to collect income taxes or to collect a just debt?

I do not. I do not believe these people are all bad. If any Member does, let him go back home to tell the State legislature and to tell the judges, "You do not know what you are doing. You are entering into a conspiracy with a bunch of loan sharks and credit collectors. We do not trust you. You cannot do it any more."

Let this Congress tend to its own knitting at the Federal level. Let the States run their own laws. Let them have garnishment legislation if they want it. If they do not want it, they do not have to have it. Some do not. My State does. I want them to have the right to continue it if they want it.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. WAGGONNER. I am glad to yield to the gentleman from Wisconsin.

Mr. REUSS. I thank the gentleman.

The gentleman is making a moving case in behalf of the rights of a creditor. I will agree that a creditor's rights deserve recognition.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that I be permitted to yield 1 minute of my time to the gentleman from Louisiana.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. REUSS. Is the gentleman aware of the fact that there is a class of debtors making $30,000 a year whose wages are entirely exempt from garnishment, Federal, State, and local?

Mr. WAGGONNER. Surely.

Mr. REUSS. And that that class is the Members of the Congress of the United States?

Mr. WAGGONNER. That is exactly right.

Mr. REUSS. Would the gentleman join in a campaign to make the rights of creditors more real by extending the right of garnishment to the salaries of Members?

Mr. WAGGONNER. I will be glad to, if the gentleman will join me. I will introduce that legislation, if the gentleman will drop this from this proposal.

Mr. REUSS. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentlewoman from Missouri [Mrs. SULLIVAN].

Mrs. SULLIVAN. Mr. Chairman, I yield back my time.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. MONTGOMERY].

Mr. MONTGOMERY. Mr. Chairman, I certainly will not take all of my time, but I should briefly like to explain what the amendment does, again.

My amendment would strike out section 201 of title II of this bill. If my amendment is adopted I believe the distinguished chairman and I have agreed that possibly I could offer an amendment to strike all of title II. So, actually,

if we can adopt this amendment certainly I would follow with an amendment taking all of title II out, which would take out the garnishment section of the bill.

Mr. WHITENER. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from North Carolina.

Mr. WHITENER. I appreciate the gentleman's yielding.

I am astounded that the proponents of this legislation would suggest that the Congress should write local law in the field of garnishment.

It happens in my State that we do not have a garnishment law, but it is a matter for our State legislature. I would point out these folks who are so concerned about the debtor are probably not taking into account the fact that the debt-paying debtor might well wind up being punished by this provision, because any businessman who stays in business takes into account in his price-fixing procedures the cost of doing business. If as a result of this legislation the deadbeats are protected, then the debt payers will be paying higher prices for merchandise.

I note also that the committee in its amendment to the original bill was very careful to leave the tax gatherers, both Federal and State, untouched by this title II provision. Now, if the little corner grocery store is to be deprived of its rights under State law, why cannot the massive Federal Government be required to give the same consideration to the wage earner?

May I point out further, if the gentleman will yield further, that some of us, like the gentleman from Colorado [Mr. ROGERS], and others, have for several years worked with the wage earners provisions of chapter 13 of the Bankruptcy Act. We have not only amended that act, we have also tried by contacts throughout the Nation to encourage the use of chapter 13 proceedings to encourage wage earners to pay their debts under an arrangement procedure provided in chapter 13.

The approach by this bill we have before us negates all of the efforts we have made in this field. It creates a privileged class which of those who are not willing to pay their honest debts. It takes away the basic rights of the States to regulate in a strictly local field of legislation.

Mr. Chairman, I support the gentleman's amendment.

Mr. MONTGOMERY. Mr. Chairman, I thank the gentleman for pointing out this most important matter as to the way in which this bill was drawn up. I would like to say that if you want to let the States regulate their own garnishment laws, you will support my amendment. If you want the Federal Government to move in on the State authority, then vote against my amendment. It is just that simple.

Mr. WHITENER. Mr. Chairman, will the gentleman yield to me?

Mr. MONTGOMERY. I yield to the gentleman from North Carolina.

Mr. WHITENER. Mr. Chairman, I note in title II of this legislation—and I do not know whether it is an oversight or not—that there is nothing said about the assignment of wages procedures available in most States of the Union. The assignment of wages procedure are the ones that an unscrupulous businessman will be using. If you enact this bill into law, the only person who will be hurt, in my judgment, is the scrupulous businessman who is furnishing the food for the table and the furniture for the home of the wage earner. I see nothing here that prevents an unscrupulous merchant getting his customer to assign wages at the time he makes a purchase. That is not a garnishment procedure and would not be precluded by the bill.

Mr. MONTGOMERY. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. PATMAN] for 5 minutes to close debate on this amendment.

Mr. PATMAN. Mr. Chairman, this is not the New York law. Neither is it the Louisiana law. The Louisiana law is just about as near to this title of the bill as is the New York law. In other words, Mr. Chairman, to refer to it as the New York people trying to get their law enacted into Federal legislation, I do not think it is exactly right.

Mr. Chairman, several States have similar laws to this. Some are more oppressive than others. No one wants to help an individual beat a just and honest debt. There are ways of collecting debts other than garnishment which, of course, is the most cruel method that can be used.

Mr. Chairman, we can take, for instance, situations which arise at Federal facilities. In the congressional district which it is my honor to represent, when they write to me about a merchant to the effect that they have an account overdue and an employee is employed at a certain Federal facility, I just tell them to go to the local justice of the peace, get a liquidated claim of judgment, and file that with the manager of that facility. Either he will make arrangements for it to be paid or the purchaser will be fined. There is no real problem in collecting debts from big company concerns engaged in the construction of Federal projects, if they are not liquidated.

Mr. Chairman, one can never tell whether it will be questioned, but when one gets a judgment, one can collect upon it. The rights of the individual States are protected.

Mr. MYERS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I cannot yield at this time.

Mr. Chairman, in the title dealing with the operation of the States, section 204 at page 42 of the bill, if the members of the Committee will read it, they will find that the State rights and State laws are pretty well provided for.

So, Mr. Chairman, it is my opinion that this committee performed an excellent job in going into all of these laws of the different States and, finally, agreed upon one provision that in the opinion of the committee would be fair to all concerned.

Mr. Chairman, I feel that the report of the committee should be supported rather than the amendment which has been offered by the distinguished gentleman from Mississippi [Mr. MONTGOMERY], an amendment which has not been considered by the committee directly. However, the amendments of the committee have been considered very carefully—considered and weighed and evaluated, by all of the members of the committee, after careful study.

Mr. Chairman, it is my opinion that the members of the Committee of the Whole House on the State of the Union should vote with the committee on this issue which in my opinion would represent a vote in the interest of the public.

Mrs. SULLIVAN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I am glad to yield to the distinguished gentlewoman from Missouri.

Mrs. SULLIVAN. Mr. Chairman, I just want to read a few excerpts from two letters which I have received, one from the Republic Steel Corp. and one from the United States Steel Corp., directed to the attitude of major industries on this issue. The letter from the Republic Steel Corp. is signed by the vice president for corporate relations and public affairs, Mr. H. C. Lumb, in which he states, in part, as follows:

> We believe there are many reasons from the point of view of both employers and employees which favor a prohibition of garnishment laws.
>
> From a company standpoint, the garnishment of an employee's wages imposes a substantial administrative burden.

And he goes on:

> In several instances where legal questions have been involved, the expense to Republic of a garnishment proceeding has been almost as great as the amount being garnished. In one pending lawsuit, Republic and another company are being sued for $10,000 damages for allegedly causing the wrongful garnishment of an employee's wages in the sum of $57.78.
>
> The cost to Republic in terms of damage to employee relations is perhaps even more substantial. While it is difficult to measure, we believe that the garnishment of an employee's wages often impairs the employee's performance on the job. In a few instances repeated difficulties with respect to garnishments have made it necessary to discharge the employee.
>
> The disadvantages of garnishment laws to the employee are also numerous. Aside from paying interest on his debt, the employee is usually required to pay filing fees and other costs relating to the garnishment proceeding which are added to the amount being garnished. Moreover, a garnishment proceeding is often the forerunner of continuing financial difficulties experienced by the employee and is frequently followed by personal bankruptcy proceedings.

I have a similar letter from Mr. William G. Whyte, vice president of United States Steel.

Mr. Chairman, I include at this point in the RECORD the full text of the two letters to which I have referred:

REPUBLIC STEEL CORP.,
Cleveland, Ohio, November 22, 1967.

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

DEAR MRS. SULLIVAN: I am writing on behalf of Republic Steel Corporation to support

Title II of the truth-in-lending bill (H.R. 11601) which would prohibit the garnishment of wages.

We believe there are many reasons from the point of view of both employers and employees which favor a prohibition of garnishment laws.

From a company standpoint, the garnishment of an employee's wages imposes a substantial administrative burden. The handling of garnishment orders adds to the cost of doing business with no benefit whatsoever to the employer. Moreover, if a notice of garnishment is not attended to promptly (even though the propriety of the garnishment may be in question) a judgment may be entered directly against the company.

In several instances where legal questions have been involved, the expense to Republic of a garnishment proceeding has been almost as great as the amount being garnished. In one pending lawsuit, Republic and another company are being sued for $10,000 damages for allegedly causing the wrongful garnishment of an employee's wages in the sum of $57.78.

The cost to Republic in terms of damage to employee relations is perhaps even more substantial. While it is difficult to measure, we believe that the garnishment of an employee's wages often impairs the employee's performance on the job. In a few instances repeated difficulties with respect to garnishments have made it necessary to discharge the employee.

The disadvantages of garnishment laws to the employee are also numerous. Aside from paying interest on his debt, the employee is usually required to pay filing fees and other costs relating to the garnishment proceeding which are added to the amount being garnished. Moreover, a garnishment proceeding is often the forerunner of continuing financial difficulties experienced by the employee and is frequently followed by personal bankruptcy proceedings.

We do not believe that the extension of credit fostered by the garnishment laws is beneficial to the economy of the United States. Aside from the disruption caused by individual bankruptcies, the garnishment laws encourage the extension of credit which would not otherwise be granted and help to divert an employee's earnings away from the purchase of goods and services into the payment of interest and the costs of garnishment proceedings. Thus the prohibition of garnishment laws might well be beneficial for the economy.

It is our belief that the prohibition of garnishment laws would remove a burden on interstate commerce. We would appreciate your making copies of this letter available to the members of the Subcommittee on Consumer Affairs so that our position on this matter will be made known to them. Extra copies of the letter have been enclosed for that purpose.

Sincerely,

H. C. LUMB,
Vice President, Corporate Relations and Public Affairs.

UNITED STATES STEEL CORP.,
Washington, D.C., October 30, 1967.

HON. LEONOR K. SULLIVAN,
Chairman, Subcommittee on Consumer Affairs, U.S. House of Representatives, Washington, D.C.

DEAR MRS. SULLIVAN: I am taking this opportunity to communicate with you regarding the truth-in-lending bill (H.R. 11601).

The provisions of the proposed bill which has a direct relationship to our operation is Title II, prohibiting the garnishment of wage. We are in favor of the provisions of Title II (dealing with the Prohibition of Garnishment of Wages) to the bill now before your Subcommittee.

Wage garnishments constitute a heavy and costly administrative burden upon our company. Quite apart from the administrative burden that garnishments impose on any large-size company, we believe that this repayment device may well lead to the extension of credit to wage earners in situations where credit more reasonably might be withheld and in fact serves to enhance the credit problems to which many employees find themselves subject.

We sincerely trust that our comments may be helpful to you and your colleagues in the consideration of this proposed legislation.

Sincerely.

WM. G. WHYTE.

Mr. PATMAN. Mr. Chairman, this amendment has been fully discussed. Therefore, I ask for a vote on it. I hope that the members of the Committee of the Whole House on the State of the Union will sustain the Committee on Banking and Currency on this amendment.

Mr. MYERS. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Texas has expired. All time has expired.

The question is on the amendment offered by the gentleman from Mississippi [Mr. MONTGOMERY].

The question was taken; and the Chair announced that the noes appeared to have it.

Mrs. SULLIVAN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. MONTGOMERY and Mr. PATMAN.

The Committee again divided, and the tellers reported that there were—ayes 98, noes 101.

So the amendment was rejected.

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

On page 40, line 6, strike "PROHIBITION" and insert "RESTRICTION".

The committee amendment was agreed to.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the remainder of the bill may be considered as read, printed in the RECORD, and open to amendment at any point except, of course, that committee amendments come first.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. GROSS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk read as follows:

SEC. 202. (a) No person may attach or garnish wages or salary due an employee; or pursue in any court any similar legal or equitable remedy which has the effect of stopping or diverting the payment of wages or salary due an employee.

(b) Whoever violates subsection (a) of this section shall be fined not more than $1,000, or imprisoned not more than one year, or both.

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

On page 40, strike lines 13 through 19 and insert the following:

"SEC. 202. (a) Except as provided in subsection (b) of this section, not more than 10 per centum of the excess over $30 per week, or its equivalent for any pay period of a different duration, of any wages, salary, or earnings in the form of commission or bonus as compensation for personal services may be attached, garnished, or subjected to any similar legal or equitable process or order. No court of the United States or of any State may make, execute, or enforce any order or process in violation of this section.

"(b) The prohibition contained in subsection (a) of this section does not apply in the case of any debt due—

"(1) under the order of any court for the support of any person; or

"(2) for any State or Federal tax.

"(c) The Secretary of Labor is authorized to make such regulations as may be necessary to carry out the purposes of this section. Whoever willfully and knowingly violates any regulation issued under authority of this section shall be fined not more than $1,000, or imprisoned not more than one year, or both.

"(d) The Secretary of Labor, acting through the Wage and Hour Division of the Department of Labor, shall enforce the provisions of this section.

SEC. 203. (a) No employer may discharge any employee by reason of the fact that, on one occasion, wages or other compensation due the employee for personal services have been subjected to attachment, garnishment, or any similar legal or equitable process.

"(b) The Secretary of Labor, acting through the Wage and Hour Division of the Department of Labor, shall enforce the provisions of this section.

"(c) Whoever willfully violates subsection (a) of this section shall be fined not more than $1,000, or imprisoned not more than one year, or both.

"SEC. 204. This title shall not be construed to annul, alter, or affect, or to exempt any creditor from complying with, the laws of any State relating to the garnishment of wages, salary, or earnings in the form of commission or bonus, as compensation for personal services in connection with credit transactions, where such laws—

"(1) prohibit such garnishments or provide for more limited garnishments than are provided for in section 202(a) of this title, or

"(2) prohibit the discharge of any employee by reason of the fact that, on any occasion, wages or other compensation due the employee for personal services have been subjected to attachment, garnishment, or any similar legal or equitable process."

Mr. WYMAN (during the reading). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state the parliamentary inquiry.

Mr. WYMAN. Mr. Chairman, I have an amendment to section 202. I am just inquiring now as to whether I must await the reading of section 203 and section 204 and so forth before offering it.

The CHAIRMAN. The Clerk is now reporting the committee amendment.

The Clerk concluded the reading of the committee amendment.

AMENDMENT TO THE COMMITTEE AMENDMENT OFFERED BY MR. ROGERS OF COLORADO

Mr. ROGERS of Colorado. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. ROGERS of Colorado: On page 41, strike out lines 9 through 14.

Mr. ROGERS of Colorado. Mr. Chairman, the objective of this amendment is

to eliminate section (c) from section 202 for the simple reason the amendment as drawn here would authorize the Secretary of Labor to draw rules and regulations and to control Federal and State courts.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Colorado. I yield to the gentleman.

Mr. REUSS. The gentleman from Colorado was kind enough to furnish both the majority and the minority with copies of his amendment previous to this amendment.

It is my judgment that the gentleman's amendment is a constructive amendment.

The withdrawal of the criminal penalty, and of the intervention of the Secretary of Labor, in this instance seems to me justified because the matter rests, and properly rests, with the State and Federal courts and is taken care of by the earlier section, section 202(a).

Accordingly—and I have discussed this matter with my leaders and associates on the committee—we would have no objection to the gentleman's amendment, and thank him for his constructive spirit in offering it.

Mr. HALPERN. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Colorado. I yield to the gentleman from New York.

Mr. HALPERN. I agree with the statement of the gentleman from Wisconsin. I believe the points made by the gentleman from Colorado are well taken, and I concur with his amendment.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Colorado. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. An unusual change of heart has taken place here. Only a few minutes ago I heard the distinguished chairman, the gentleman from Texas [Mr. PATMAN], say that this entire committee amendment had been carefully weighed and considered. Could we inquire if there is going to be other amendments accepted to other parts of this "carefully weighed" amendment?

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Colorado. I yield to the gentleman from Wisconsin.

Mr. REUSS. I respond to the inquiry of the gentleman from Mississippi by saying that this is the only amendment which in the judgment of the majority and the minority of the House Committee on Banking and Currency is an improvement. I will inform the gentleman that it is the only one we propose to accept.

Mr. ROGERS of Colorado. May I respond further by saying that I do have at the desk another amendment which the committee would not agree to, and that amendment would strike out all of lines 1 to 3, inclusive, on page 42, removing the question of making it a Federal crime to discharge an individual when he may have been garnished once. That is an amendment that I propose to offer after this one is adopted.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Colorado. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. I just wish to make clear that I certainly have no objection to taking this subsection out. In fact, I would like to take the whole thing out. Indeed, this section should come out because it would authorize the imposition of a fine of $1,000 and imprisonment in jail for a solid year for the violation of a regulation to be drawn by the Secretary of Labor, no part of which has ever been seen by the House of Representatives.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Colorado. I yield to the chairman, the gentleman from Texas.

Mr. PATMAN. This amendment was considered before I made the statement that we had agreed to this, because we think it is a constructive suggestion, it is a good amendment, and we ask that the amendment be adopted.

The CHAIRMAN. The question is on the amendment to the committee amendment offered by the gentleman from Colorado [Mr. ROGERS].

The amendment to the committee amendment was agreed to.

AMENDMENT TO THE COMMITTEE AMENDMENT OFFERED BY MR. ROGERS OF COLORADO

Mr. ROGERS of Colorado. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. ROGERS of Colorado: On page 42, strike out lines 1 through 3.

The CHAIRMAN. The gentleman from Colorado is recognized for 5 minutes.

Mr. ROGERS of Colorado. Mr. Chairman, as you will readily understand, section 203(a) of this committee amendment provides that no employer may discharge an employee for one garnishment, and that if that employer should discharge him for a garnishment, then he has committed a Federal crime and the punishment is a fine of not more than $1,000 or up to 1 year in jail.

My amendment merely eliminates the criminal penalties in connection therewith. May I point out that most employers, or a majority of the employers in the United States, are corporations. Is it certain that if a vice president of a corporation should discharge a man and give as a reason that he had been garnisheed under a State or Federal garnishment act, the vice president would be guilty of a Federal crime? I think, as it is now drawn, when it says "employer" it means the corporation. And if the corporation is the employer, then it would be the only one that would be subjected to that penalty. Hence, I do not believe that we should, as a Federal policy, say to an employer that any time the employer discharges an employee when he has a garnishment, it runs the risk of committing a Federal crime and subjects itself to a penalty of a $1,000 fine or a year in jail.

Hence, we should not, as the Federal Government, enter into the employer-employee relationship and subject that employer to this penalty. There will be ample ways in which the garnishment may be carried out, because it still is the court that may have issued the execution and still it is with the sheriff or constable to carry out the garnishment. He is under the control of the court, and this court is under direction to follow the other sections of this law. Therefore, why should we make it a penalty and a crime, when it is not necessary and the man himself will get his adequate protection?

I therefore urge that my amendment be adopted.

Mr. REUSS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Colorado [Mr. ROGERS].

Mr. Chairman, I shall be very brief. Just a few moments ago we were delighted to go along with another amendment offered by the gentleman from Colorado [Mr. ROGERS], whose judgment and legal knowledge we all respect. We did that because there the amendment struck the criminal penalty from the garnishment process itself, and we believed—and I believe we were correct—that because the garnishment process itself is lodged in the court, that alone provided a sufficient remedy.

Now we are dealing with an excellent provision of the Halpern amendment, which says that a man cannot be fired because there has been one garnishment lodged against him. If there is more than one, then, yes, he can be; but if only one, then he cannot be fired.

The only penalty provided is the criminal penalty of the fine and modest imprisonment, which is a typical feature of the Federal Criminal Statutes. The reason that is in there is, unless we provide a penalty, there is absolutely nothing to stop the employer from firing with impunity a wage earner against whom one garnishment, just or unjust, has been obtained.

I hope, therefore, this amendment will be voted down.

Mr. HALPERN. Mr. Chairman, I rise in opposition to the amendment.

As explained by the distinguished gentleman from Wisconsin, the committee amendment would prohibit the firing of an employee because of one garnishment.

If there is a second garnishment, the prohibition would not apply.

Let me repeat that, Mr. Chairman, This provision applies the prohibition only to the first garnishment, which is certainly reasonable.

I should like to add that this language was adopted unanimously by our committee. We heard no objection from credit spokesmen. Both the consumer and credit groups agreed this was reasonable and desirable.

The gentleman from Colorado has offered an amendment which would completely destroy the committee amendment which, I should point out—and I repeat—was adopted unanimously.

The gentleman's amendment would take the teeth out of this section of the bill and kill its effective enforcement. I trust his amendment will not prevail and that the committee provision will remain.

The CHAIRMAN. The time of the gentleman from New York has expired.

The question is on the amendment offered by the gentleman from Colorado [Mr. ROGERS] to the committee amendment.

The amendment to the committee amendment was rejected.

AMENDMENT TO THE COMMITTEE AMENDMENT OFFERED BY MR. WYMAN

Mr. WYMAN. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. WYMAN: On page 41, line 2, after "United States" strike out "or of any State".

Mr. WYMAN. Mr. Chairman, the purpose of this amendment is to remove the limitation on the State courts, prohibiting orders or processes in violation of new Federal policy.

This statute, as it is presently proposed, would deny to the State courts the powers to enforce their own garnishment laws. By what right does the Congress assume such preemptive authority?

The distinguished chairman of the committee has said that section 204 takes care of State laws. It takes care of the States laws in terms of grandiose largesse. It says the State laws can exist only as long as they are stricter than the Federal formula set out in the bill before us.

I made this point before, and I make it now in connection with this very simple amendment. There is no authority in the Congress to take the State courts out of the field in terms of enforcement of local garnishment laws. There is nothing in the statute that requires when the transactions are removed from the State court jurisdiction they must have arisen in interstate or foreign commerce. There is no nexus, no connection between what we are trying to do here in terms of what this statute proposes under the Federal Constitution. We are a democracy operating in a Federal system under a republican form of government. The statute before us does violence to this system.

I want no part of such a sweeping preemption in a field that is the prerogative of State legislatures in the whole 50 States.

It is true that some States do not have garnishment laws. That is their business, not ours.

To say that this has something to do with the monetary powers of the Nation, or that more people might go into individual bankruptcy if this statutory formula is not imposed on the whole country is just not so.

I submit that we should remove this language that offends everyone here who is concerned with preservation of reserved State powers, the right of States to make and enforce their own laws except where power to supersede is given to the Federal Government in the Constitution. We can properly, of course, say that no court of the United States may do so.

I quote from line 1, page 41:

No court of the United States may make, execute, or enforce any order or process in violation of this section.

But we should not say, Mr. Chairman:

No court of any State may make, execute, or enforce any order or process in violation of this section.

We simply cannot do this with regard to the State courts if our Constitution means anything any more.

I urge the adoption of this amendment to preserve and protect our constitutional system.

Mr. HANNA. Mr. Chairman, I rise in opposition to the amendment.

I include in the RECORD at this point an argument on the constitutionality of the committee amendment:

STATEMENT ON THE CONSTITUTIONALITY OF THE PROPOSED GARNISHMENT AMENDMENT TO THE TRUTH IN LENDING BILL

Some questions have been raised as to the constitutionality of Federal legislation on the subject of garnishment of wages. On first examination these questions seem to have some merit. However, upon more detailed examination of the constitutional issue, it becomes quite clear, I believe, that there is not substantial question as to the constitutionality of such a provision.

Without presenting a long, technical explanation as to why I think Congress has the constitutional power to legislate in the area of garnishment, it is clear from an examination of court decisions, particularly over the last 30 years, that this power exists.

This fact can be demonstrated most effectively by an examination of the many labor laws which have been enacted during and since the days of the New Deal. There include the National Labor Relations Act, the Fair Labor Standards Act and the Taft-Hartley Act. The Supreme Court has held that the size and impact on interstate commerce of any particular activity is not a relevant question as to the constitutionality of a statute involving such matters.

Likewise, Congress has established minimum prices for agricultural commodities and such prices have been upheld by the courts even in cases in which the producer sold his product only within a single state. In one such case, *U.S.* v. *Wrightwood Dairy Company*, the Supreme Court stated:

"Congress plainly has power to regulate the price of milk distributed through the medium of interstate commerce . . . and it possesses every power needed to make that regulation effective. The commerce power is not confined in its exercise to the regulation of commerce among the states. It extends to those activities intra-state which so affect interstate commerce, or the exertion of the power of Congress over it, as to make regulation of them appropriate means to the attainment of a legitimate end, the effective execution of the granted power to regulate interstate commerce."

In another instance, Chief Justice of the United States Supreme Court Harlan F. Stone stated, in the case of *Southern Pacific Company* v. *Arizona* in 1945, and I quote:

"Congress has undoubted power to redefine the distribution of power of interstate commerce. It may either permit the states to regulate the commerce in a manner which would otherwise not be permissible, or exclude state regulation even of matters of peculiarly local concern which nevertheless affect interstate commerce."

Therefore, it appears clear that there is no constitutional barrier to the Congress establishing a national standard for the garnishment of wages. It is simply a judgment for Congress to make that this is a serious situation involving the economic welfare of millions of workers throughout the United States and that the seriousness of the problem is such that congressional action is necessary.

After taking many hours of testimony and studying hundreds of pages of discussion and data on the subject of garnishment the Banking and Currency Committee, and particularly Mrs. Sullivan's Subcommittee on Consumer Affairs, decided that this was indeed a serious national problem and that at least a minimum national standard should be established for the garnishment of wages.

Mr. HALPERN. Mr. Chairman, I rise in opposition to the amendment and move to strike the requisite number of words.

I strongly oppose the amendment offered by the very able and distinguished gentleman from New Hampshire.

As a practical matter, Mr. Chairman, the amendment would put a terrible burden on all workers being garnished, on their employers, and on the creditor seeking a garnishment.

This would be so because if this amendment were adopted, only the Federal courts would have jurisdiction over garnishment proceedings under this law. Therefore in many States, particularly in the South and the West, where there are only two or three Federal district courts covering very wide areas of the State, all involved, would have to travel hundreds of miles to a court in a distant place instead of going to a local court. In addition, it is my understanding that State courts have in many instances applied Federal laws, and indeed, are obligated to do so. Therefore, to adopt this amendment would do terrible hardship to all concerned. I trust it will be rejected.

Mr. WYMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. HALPERN. I yield to the gentleman from New Hampshire.

Mr. WYMAN. The gentleman referred to the State courts enforcing Federal law. The language here says:

No court of the United States or of any State may make, execute, or enforce any order or process in violation of this section.

This is not an addendum but something subtracted from the State courts. My question of the gentleman is, Where do we get the authority to tell the State courts that their processes shall be of no force and effect in carrying out the law of garnishment in the several States established by their own legislatures?

Mr. HALPERN. My answer is that the argument of our constitutional authority was clarified earlier when the same question was raised during the debate on the Montgomery amendment.

Mr. WYMAN. If the gentleman will yield further, that is not an answer to the question.

Mr. REUSS. Mr. Chairman, I rise in opposition to the amendment because the amendment would in effect wipe out the entire action on garnishment which we are taking. Under the amendment offered by the gentleman from New Hampshire, the State courts could go blithely ahead and garnish the last $5 from the weekly wage of someone who is making $30 a week. The mere fact that the Federal courts could not join in the dirty job is small comfort to the people here, and I think we are a majority, who believe that there has to be some limit on the power of a creditor, whether just or unjust, to harass a debtor by the abuse of the garnishment process.

I hope that the amendment will be decisively voted down.

Mr. SAYLOR. Mr. Chairman, will the gentleman yield to me for a question?

Mr. REUSS. I shall be glad to yield to the gentleman from Pennsylvania.

Mr. SAYLOR. I would like to ask the gentleman from Wisconsin whether or not in a State which does not have any garnishment proceedings the committee

bill will allow garnishment. For example, in Pennsylvania there is no garnishment of wages. Will this allow the garnishment of wages in that State?

Mr. REUSS. It certainly will not. Pennsylvania should be proud of its antigarnishment motion, as I know the gentleman is. Under section 204 it is stated with crystal clarity that Pennsylvania, Texas, and other States which have had the good sense to abolish this antique doctrine of garnishment, may continue to do so.

The CHAIRMAN. The question is on the amendment to the committee amendment offered by the gentleman from New Hampshire [Mr. WYMAN].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. WYMAN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WYMAN and Mr. PATMAN.

The Committee divided, and the tellers reported that there were—ayes 87, noes 102.

So the amendment to the committee amendment was rejected.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. HALL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is my presumption that you are about ready to ask that the Clerk read title III, and as I have throughout the rest of this bill, I would like to propound some questions for information only without indicating whether or not I am for the bill as a whole, or even this title.

Mr. Chairman, we have in title III a proposed Commission on Consumer Finance, and my question is: Would this replace President Johnson's Committee on Consumer Interests, which I believe is now chaired by Mr. Bronson C. LaFollette?

Furthermore, Mr. Chairman, if the proposed Commission does not replace the existing President's Commission, how will the new Commission herein established find its duties and functions differ from those of the existing Presidential committee?

Then, finally, the payoff question would be, Mr. Chairman: What would be the cost of maintaining such a commission?

Mr. Chairman, in the interest of time and inasmuch as we have taken an extra day, I would also at this time like to ask some delving—and I hope thoughtfully and well-prepared questions on the remainder of the bill—the title for administration and enforcement.

What type of credit transaction and what types of business will the Fed regulate under this legislation we are asked to pass here today?

Second, how many additional personnel will be required, Mr. Chairman, by the Fed, by the Commission, and by other Federal agencies, in order to enforce this proposed law?

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. HALL. In just one moment.

Third, Mr. Chairman, how much in additional expense will this cost the taxpayers?

Now, Mr. Chairman, I would be most happy to yield, because on page 18 of the committee report prepared under the aegis of the chairman, and subcommittee chairman, it states:

> The regulations will be allocated among various Federal agencies already having regulatory responsibilities over industries affected by the credit disclosure requirements of the bill.

Mr. Chairman, I now yield to the chairman of the Committee on Banking and Currency, the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, may I say to the gentleman in answer to his first question, this will not interfere with any other law or any commission of the President now in existence. Furthermore, the duties of the Commission are set forth on page 44 of section 304, and it is evident, if the gentleman will read them, that there will be no conflict.

The total cost authorized in the bill would be $1.5 million, which would be up to the Committee on Appropriations as to whether or not they would recommend the whole amount, or a smaller sum. It is restricted to that.

Mr. HALL. Would the distinguished chairman please cite for me wherein the additional expense from the taxpayers is stated? Is that on line 8 on page 49 under section 307?

Mr. PATMAN. That is correct; section 307.

Mr. HALL. Of course, Mr. Chairman, we are quite familiar with the process of claiming that an authorization will not necessarily delve into the taxpayers' pocket, but those pigeons have a habit of coming home to roost.

Mr. Chairman, I am glad to have one man's opinion. I submit that these questions are for the perception of all Members.

I yield back the balance of my time.

Mr. GROSS. Mr. Chairman, I move to strike the requisite number of words.

I would like to ask the Chairman a few questions concerning the Commission that would be established under the terms of this bill.

How many employees are to be added to the payroll under the terms of this Commission?

Mr. PATMAN. I do not know how many. I do not believe it is possible for anyone at this stage to estimate. But I can say that if it will stop all the robberies and all the racketeering, the loan sharking, and the charging of usurous interest rates, it will not be money except well spent. It will be well spent money.

The Committees on Appropriation will have to pass on the number of employees, and I am sure they will use the good judgment which they have used in the past to make sure that they are justified, and will serve the best interests, and that the expenditure is justified, or they will not make the appropriation.

Mr. GROSS. President Johnson has been talking about restraints on spending in the Federal Government and restraints on employment. Did the administration ask for this Commission?

Mr. PATMAN. Certainly, this is an administration bill. Does not the gentleman want to stop the charging of usurious interest? Do you not want to stop exorbitant interest charges?

Mr. GROSS. What is that?

Mr. PATMAN. Do you not want to stop the exorbitant interest charges? There are many people who are being oppressed by this situation.

Mr. GROSS. Is the fact of another commission going to do it? The gentleman knows as well as any Member of the House that simply because a new Commission is established that does not mean all the evils in connection with credit in this country are going to be cured.

The answer that the gentleman from Texas has given me up to this point, as to the number of employees, and the additional empire building implicit in this Commission, is less than no answer at all.

When you held hearings on the establishment of this Commission, as you must have if you were discharging your responsibility, you must have been provided with some idea of how many more people were going to be put on the payroll.

Mr. PATMAN. Now will the gentleman let me answer that?

Mr. GROSS. Yes.

Mr. PATMAN. I think it is very unreasonable to say that before the law is even passed, you must estimate the number of employees it will take to enforce the law. You do not know how widespread the violations will be. You do not know the volume of work that you will have before you. There is no way to reasonably estimate it until the law is passed and it goes into operation.

Mr. GROSS. Of course, the gentleman ought to be aware of the fact that there is a law on the statute books, a public law that requires you to come before the House of Representatives and give us certain information, including the manhours involved. You have not done so in this bill. You apparently have no intention of doing it. Therefore, you, yourself, are not in conformance with the law governing legislation.

Mr. PATMAN. It is not timely now. When it is timely and appropriate, it will be provided.

Mr. GROSS. Of course, it is timely now.

Mr. PATMAN. It is not timely now but it will be at the appropriate time.

Mr. GROSS. Do you have any idea of how many supergrades you are going to ask for? You provide in the bill for an unspecified number GS–18 employees, which is the top of the supergrades.

Mr. PATMAN. This is a very good cause and it is for a good purpose. I am sure that an adequate number of employees will be provided, and a reasonable number of employees.

Mr. GROSS. I have been here for a few years and I have heard the gentleman hedge in providing information as he is doing today.

Mrs. SULLIVAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentlewoman.

Mrs. SULLIVAN. I am happy to inform the gentleman that this is going to be a commission just like the National Commission on Food Marketing. It will

consist of nine members, three Members of the House and three Members of the other body. With the six Members of the Congress forming a majority of the committee, they will decide how many employees will be needed and will be asked for in order to do the work that we expect them to do and which is spelled out in this legislation.

Mr. GROSS. We have 434 Members of the House. I do not know how many are present, but those who are ought to have some definite knowledge of the authority being delegated to a brandnew commission and its ability to engage in empire building in the Federal Government. That is my point.

The CHAIRMAN. The time of the gentleman has expired.

The Clerk will read.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read, printed in the RECORD, and open to amendment at any point, with the committee amendments to be considered first.

Mr. ASHBROOK. Mr. Chairman, reserving the right to object, as a Member who has an amendment I would like to have an assurance that the time will not be cut off so that there might not be time to adequately explain the amendment.

The CHAIRMAN. The gentleman from Texas has asked that the remainder of the bill be considered as read and open to amendment at any point, with committee amendments to be considered first, and made no request as to the time.

Mr. ASHBROOK. Mr. Chairman, is it not correct that if that is accomplished the gentleman could move at any time to close debate?

Mr. PATMAN. We are not going to abuse any rights of Members.

Mr. ASHBROOK. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The remainder of the bill is as follows:

TITLE III—COMMISSION ON CONSUMER FINANCE

SEC. 301. ESTABLISHMENT.—There is established a bipartisan National Commission on Consumer Finance (referred to in this title as the "Commission").

SEC. 302. MEMBERSHIP OF THE COMMISSION.—(a) The Commission shall be composed of nine members, of whom—

(1) three are Members of the Senate appointed by the President of the Senate;

(2) three are Members of the House of Representatives appointed by the Speaker of the House of Representatives; and

(3) three are persons not employed in a full-time capacity by the United States appointed by the President, one of whom he shall designate as Chairman.

(b) A vacancy in the Commission does not affect its powers and may be filled in the same manner as the original appointment.

(c) Five members of the Commission constitute a quorum.

SEC. 303. COMPENSATION OF MEMBERS.—(a) Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) Each member of the Commission who is appointed by the President may receive compensation at a rate of $100 for each day he is engaged upon work of the Commission, and shall be reimbursed for travel expenses, including per diem in lieu of subsistence as authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently.

SEC. 304. DUTIES OF THE COMMISSION.—(a) The Commission shall study and appraise the functioning and structure of the consumer finance industry. The Commission, in its report and recommendations to the Congress, shall include treatment of the following topics:

(1) The adequacy of existing arrangements to provide consumer financing at reasonable rates.

(2) The adequacy of existing supervisory and regulatory mechanisms to protect the public from unfair practices.

(3) The desirability of Federal chartering of consumer finance companies, or other Federal regulatory measures.

(b) The Commission may make interim reports, and shall make a final report of its findings, recommendations, and conclusions to the President and to the Congress by December 31, 1969.

SEC. 305. POWERS OF THE COMMISSION.—(a) The Commission, or any three members thereof as authorized by the Commission, may conduct hearings anywhere in the United States or otherwise secure data and expressions of opinions pertinent to the study. In connection therewith the Commission is authorized by majority vote

(1) to require, by special or general orders, corporations, business firms, and individuals to submit in writing such reports and answers to questions as the Commission may prescribe; such submission shall be made within such reasonable period and under oath or otherwise as the Commission may determine;

(2) to administer oaths;

(3) to require by subpena the attendance and testimony of witnesses and the production of all documentary evidence relating to the execution of its duties;

(4) in the case of disobedience to a subpena or order issued under paragraph (a) of this section to invoke the aid of any district court of the United States in requiring compliance with such subpena or order;

(5) in any proceeding or investigation to order testimony to be taken by deposition before any person who is designated by the Commission and has the power to administer oaths, and in such instances to compel testimony and the production of evidence in the same manner as authorized under subparagraphs (3) and (4) above; and

(6) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States.

(b) Any district court of the United States within the jurisdiction of which an inquiry is carried on may, in case of refusal to obey a subpena or order of the Commission issued under paragraph (a) of this section, issue an order requiring compliance therewith; and any failure to obey the order of the court may be punished by the court as a contempt thereof.

(c) The Commission is authorized to require directly from the head of any Federal executive department or independent agency available information deemed useful in the discharge of its duties. All departments and independent agencies of the Government are hereby authorized and directed to cooperate with the Commission and to furnish all information requested by the Commission to the extent permitted by law.

(d) The Commission is authorized to enter into contracts with Federal or State agencies, private firms, institutions, and individuals for the conducting of research or surveys, the preparation of reports, and other activities necessary to the discharge of its duties.

(e) When the Commission finds that publication of any information obtained by it is in the public interest and would not give an unfair competitive advantage to any person, it is authorized to publish such information in the form and manner deemed best adapted for public use, except that data and information which would separately disclose the business transactions of any person, trade secrets, or names of customers shall be held confidential and shall not be disclosed by the Commission or its staff. The Commission shall permit business firms or individuals reasonable access to documents furnished by them for the purpose of obtaining or copying such documents as need may arise.

(f) The Commission is authorized to delegate any of its functions to individual members of the Commission or to designated individuals on its staff and to make such rules and regulations as are necessary for the conduct of its business, except as herein otherwise provided.

SEC. 306. ADMINISTRATIVE ARRANGEMENTS.—(a) The Commission is authorized, without regard to the provisions of title 5, United States Code, relating to appointments in the competitive service or to classification and General Schedule pay rates, to appoint and fix the compensation of an executive director and the executive director, with the approval of the Commission, shall employ and fix the compensation of such additional personnel as may be necessary to carry out the functions of the Commission, but no individual so appointed shall receive compensation in excess of the rate authorized for GS-18 under the General Schedule.

(b) The executive director, with the approval of the Commission, is authorized to obtain services in accordance with the provisions of section 3109 of title 5 of the United States Code, but at rates for individuals not to exceed $100 per diem.

(c) The head of any executive department or independent agency of the Federal Government is authorized to detail, on a reimbursable basis, any of its personnel to assist the Commission in carrying out its work.

(d) Financial and administrative services (including those related to budgeting and accounting, financial reporting, personnel, and procurement) shall be provided the Commission by the General Services Administration, for which payment shall be made in advance, or by reimbursement, from funds of the Commission in such amounts as may be agreed upon by the Chairman of the Commission and the Administrator of General Services. The regulations of the General Services Administration for the collection of indebtedness of personnel resulting from erroneous payments shall apply to the collection of erroneous payments made to or on behalf of a Commission employee, and regulations of said Administrator for the administrative control of funds shall apply to appropriations of the Commission. The Commission shall not be required to prescribe such regulations.

(e) Ninety days after submission of its final report, as provided in section 304(b), the Commission shall cease to exist.

SEC. 307. AUTHORIZATION OF APPROPRIATIONS.—There is hereby authorized to be appropriated such sums not in excess of $1,500,000 as may be necessary to carry out the provisions of this title. Any money appropriated pursuant hereto shall remain available to the Commission until the date of its expiration, as fixed by section 306(e).

TITLE IV—SEVERABILITY

SEC. 401. If any provision of this Act is judicially held to be invalid, that holding does not necessarily affect the validity of any other provision of this Act.

COMMITTEE AMENDMENTS

The Clerk read as follows:

On page 44, line 6, after "industry" insert ", as well as consumer credit transactions generally".

On page 44, line 11, strike "financing" and insert "credit".

The committee amendments were agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

On page 44, line 14, after "practices", insert ", and insure the informed use of consumer credit".

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. ASHBROOK

Mr. ASHBROOK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHBROOK: Strike title III, page 42, line 18, and all that follows through page 49, line 5.

The CHAIRMAN. The gentleman from Ohio is recognized for 5 minutes.

Mr. ASHBROOK. Mr. Chairman, my amendment would strike in its entirety title III, the Commission on Consumer Finance.

The proposal for this Commission is not in the Senate-passed bill. I understand, although the Chairman has said otherwise, that it was not recommended by the administration, although I might be corrected on that. The gentleman could give his attention to that.

It is the only provision in the bill, incidentally, that calls for the expenditure of Federal funds.

I personally see no justification for the creation of a Commission on Consumer Finance as proposed in this bill.

In recent years we have all witnessed a very rapid growth in these types of ad hoc bodies in connection with various issues requiring continuing study. Here is just one more $100 per day, executive department, window-dressing proposal. Undoubtedly there will be a need for such continued study of consumer credit protection. But I think, Mr. Chairman, we should take the lead in this area ourselves in the Congress and see that as much as possible of this study occurs here in this body.

While six of the nine members of the proposed Commission would be Members of Congress—three Senators and three Representatives—commissions drawn along these lines more often than not merely represent the views of executive department staff in whatever administration happens to be in power. I happen to think that consumer credit protection should be a continuing interest on the part of the committees of Congress with proper jurisdiction. I further believe that the oversight, surveillance, and investigative functions of Congress have been greatly eroded by the ever-increasing, though sometimes subtly disguised, delegation of these functions to the executive branch.

With regard to both the promulgation of regulations as well as the administrative enforcement of H.R. 11601, the executive branch properly will play the dominant role. Moreover, section 204(e) establishes an advisory committee to advise and consult with the Federal Reserve Board in the exercise of its functions with respect to this proposed legislation in addition to this Commission. In appointing the members of this committee to advise the Federal Reserve Board it shall "seek to achieve a fair representation of the interests of sellers of merchandise on credit, lenders, and the public." It seems to us that the proposed Commission on Consumer Finance duplicates needlessly the functions of the advisory committee proposed by section 204(e).

Even with the passage of the proposed legislation, there will remain many unanswered questions relating to consumer credit protection. I think Congress should reassert its proper role in further investigating whatever might require legislative revision or solution. Unlike practically every other major legislative proposal of the past decade, truth in lending was and is the product of congressional and not executive initiative. By not relying on reports and recommendations sent to it by a commission oriented to the executive branch, Congress can maintain its initiative in at least this area.

I might say also, Mr. Chairman, I have followed the activities of Miss Esther Peterson and Miss Betty Furness very closely as they have labored in behalf of the administration in their special role as consumer advisers. Judging by their activity—and I say this not as a criticism; in fact, I respect them for their political sagacity—they have spent far more time selling the Great Society as a partisan political product to consumers than in what is advertised as their duties, the watchdog of consumer affairs. They give adequate indication of what a Commission of this type would do. I urge the House to delete this section by supporting my amendment.

Mr. PATMAN. Mr. Chairman, I shall not take much time, so we may get to a vote. May I say this title, this part of the bill was put in by a unanimous vote. It was bipartisan. Both Democrat and Republican members voted for it unanimously. They all want it.

It serves a good purpose. If we were to knock this out, we would go a long way to destroy the bill. Who is going to evaluate the information that is submitted? This is a disclosure bill. We have to have somebody to pass on it and evaluate it and make recommendations. That is what the Commission is for. This is really the heart of the bill. We might as well try to destroy the whole bill, because this would destroy it.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Chairman, I may have misunderstood, or there may need to be a correction of the RECORD. Did the chairman say it was unanimous? It was my understanding there was no vote on this.

Mr. PATMAN. It was unanimous, absolutely. The Republicans and Democrats sponsored this.

Mr. ASHBROOK. By a record vote?

Mr. PATMAN. I do not recall. But the gentleman can rest assured when there is no opposition, we do not need a record vote. Why would we need a record vote? It is unanimous. Nobody disputes that. They are all here.

Mr. ASHBROOK. If the chairman will yield further, again it was my understanding, and I may be wrong, the chairman said the exact opposite, and the chairman said this was recommended by the administration.

Mr. PATMAN. The bill was recommended by the administration.

Mr. ASHBROOK. In response to the question by the gentleman from Iowa [Mr. GROSS] as to whether title III was an administration proposal, I understood the gentleman to say it was.

Mrs. SULLIVAN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentlewoman from Missouri.

Mrs. SULLIVAN. Mr. Chairman, I would be glad to reply. This is not an administration proposal. It is my proposal, in which I was joined by the cosponsors of the bill and by the majority of the committee. The bill itself, yes, is an administration endorsed bill, but many of its provisions, including this one, originated with the sponsors of the bill.

I served on the National Food Marketing Commission, which spent a million and a half dollars to make the most comprehensive study ever done in 40 years into the food business. It took us 2 years. I think we have every right to have this same kind of study made in the consumer credit field. The other study has resulted in legislation, to help the farmer and the consumer and the food industry. It was done by a highly qualified staff of experts, supervised by 10 Members of Congress and five public members, and headed by a distinguished jurist, former California Supreme Court Chief Justice Phil S. Gibson. I look for a similar worthwhile result from this proposal.

Mr. ASHBROOK. Mr. Chairman, I thank the gentlewoman for setting the record correct. The only point I had in mind is that it seems the Commission will go on forever, in perpetuity. Is that what is in mind?

Mr. PATMAN. It all depends on the need.

Mrs. SULLIVAN. It is set for 2 years. There is no need for this to go on forever.

Mr. McCORMACK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the House in the Committee of the Whole is coming to the final minutes and the concluding of consideration of this bill.

This is one of the most important bills historic in the history of our country in many decades. The passage of this bill and some other bills that will probably later come up to protect the interest of the consumer of our country will justify making this Congress one of the most historic in the history of our country in connection with the protection of the rights of consumers of America.

I congratulate the chairman of the committee, the chairwoman of the sub-

committee, and the Members on both sides, Democrats and Republicans on the committee for their profound consideration which they have given to this bill. I congratulate the House in the Committee of the Whole for strengthening the bill as it was reported out of committee.

In relation to the amendment of my friend from Ohio, let us see what these provisions do. This is original on the part of the committee. This is original action on the part of the House. We know that Congress played a very important part throughout our entire constitutional history in originating matters. This Commission has very important duties to perform. What are they?

The Commission shall study and appraise the functioning and structure of the consumer finance industry, as well as consumer credit transactions generally.

They will recommend and report to the Congress. The recommendations and reports will come back to the appropriate committees of the Congress.

What else is this Commission to do?

They will consider—

(1) The adequacy of existing arrangements to provide consumer credit at reasonable rates.

Everybody wants that. This means we will have a continuing body looking into this, comprised of six Members from both branches of the Congress out of a Commission of nine members.

The report and recommendation will be made to the Congress and referred to the appropriate committees of the Congress for further legislation, if necessary, to be considered by both branches of the Congress.

(2) The adequacy of existing supervisory and regulatory mechanisms to protect the public—

From what?

from unfair practices, and insure the informed use of consumer credit.

(3) The desirability of Federal chartering of consumer finance companies, or other Federal regulatory measures.

It seems to me that these particular provisions and the establishment of the Commission—while it would not be disastrous without them in the bill—are of vital importance not only in giving strength and stability to the bill we pass but also in assuring continuity of consideration by a responsible Commission of which a clear majority will consist of Members of both branches of the Congress.

Mr. GROSS. Mr. Chairman, will the distinguished Speaker yield?

Mr. McCORMACK. I am glad to yield to the gentleman from Iowa.

Mr. GROSS. As I understand it, the $1½ million in support of this Commission is not budgeted. In the past the President has berated the Congress for exceeding his recommendations. Should I vote for this bill, I wonder if I would be berated by the President for having exceeded his recommendations to the Congress.

Mr. McCORMACK. I believe if the gentleman follows me he will be on safe ground.

Mr. ASHBROOK. Mr. Chairman, will the distinguished Speaker yield?

Mr. McCORMACK. I yield to the gentleman from Ohio.

Mr. ASHBROOK. I certainly would say to the distinguished Speaker that this particular Member knows the Speaker of the House is probably the greatest advocate of this body of any Member we have.

The basic thrust of my amendment is that the House, and particularly a committee of the House, has jurisdiction in this matter and should be doing the very precise thing we would be turning over to the Commission.

Is it the Speaker's belief that the Commission could do better than a particular House committee with jurisdiction in this matter? That was my particular thought on this amendment.

Mr. McCORMACK. I did not understand fully the question of my friend from Ohio.

Mr. ASHBROOK. I say, the Speaker is probably the greatest advocate for the House of Representatives.

Mr. McCORMACK. The Speaker will always protect the rights of committees and all Members in every way possible.

There are times, as the gentleman knows, when a bill might be introduced when parts of it, if introduced separately, would go to different committees despite the major emphasis. In the drafting of a bill the major emphasis might prompt the reference of a bill to committee A. It might involve provisions which, if introduced separately, would go to committee B.

I do not see any difficulty, if I correctly sense what my friend has in mind, so far as future difficulty is concerned.

Mr. ASHBROOK. Possibly I did not make myself clear. As an advocate of the House—and I happen also to be an advocate of the House of Representatives—it appears to me that our function would be better fostered by having the House itself do the precise matters which the Speaker is saying should be delegated to a commission.

Mr. McCORMACK. We are not delegating anything. We are providing for a continuation of inquiry, and the Commission is to make recommendations and a report to the Congress. The recommendations and the report will be separately acted on in accordance with the rules. Any bills introduced will be referred to the appropriate committees.

With all due respect to my dear friend from Ohio, I believe these particular provisions will strengthen the bill pending before the Committee of the Whole House, and will have a strengthening influence in the future in connection with protecting the interest of the consumers of our country.

Mr. ASHBROOK. I thank the Speaker for his answer. He is a better man than I.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. ASHBROOK].

The amendment was rejected.

Mr. WIDNALL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. WIDNALL. Mr. Chairman, we have nearly completed work on the Consumer Credit Protection Act or the truth-in-lending bill, whichever you prefer to call it. Recently, there has been a tendency in connection with various consumer bills to either overstate or understate its importance. The problem with overstating the importance of a measure of this kind is that both the executive branch and Congress breathe a sigh of relief and have a tendency to put aside any further questions in connection with the subject of the legislation. The problem with underestimating the effect and scope of consumer protection legislation is that it sometimes encourages excessive legislative effort for publicity purposes. To an extent, I think the meat inspection bill last year was a good example of legislative "overkill."

The bill before us this afternoon has, I think, generally avoided either extreme. However, I think even the sponsor of this legislation would have to agree that disclosure of additional credit information will not provide a solution for the very worst credit abuses in our Nation.

We should keep in mind, for instance, that the one major means of evading the purposes of this legislation is to be found through the price mechanism. The most unscrupulous merchants in our society, for the most part in the low-income areas of our Nation's cities, merely have to increase their prices in order to decrease the annual percentage rate they charge on credit. A front-page story in the Washington Post 2 days ago based upon the testimony of the Federal Trade Commission illustrated this point. Moreover, mere disclosure of credit terms will not seriously affect fraudulent practices of fast-talk salesmen who seldom depend upon normal merchandising techniques to assist making a sale. In short, disclosure cannot be expected to seriously affect outright fraud—so often the prevailing practice in the poorest sections of our Nation's cities.

Furthermore, I do not believe this disclosure bill will encourage any sudden move toward a competitive climate based upon interest rates offered by reputable merchants. I think we are only kidding ourselves if we expect this legislation to create such a competitive climate. After all, the costs of providing installment and revolving credit are often very similar in various parts of the country and in different large retail establishments. On the other hand, I agree with the gentlewoman from Missouri that perhaps the typical consumer has not realized the benefit of cash purchases and short-term as opposed to long-term retail credit.

The real benefit to be derived from this legislation, in my opinion, will result from the credit advertising provisions, and this will be a negative result in that it will be largely unseen and unappreciated by the public. I think that we are going to witness a striking reduction in false and misleading credit advertising and, to the extent that this occurs, our reputable merchants and our established credit institutions will be amazed at the increase in their own business receipts. The "come-on" advertising of a dollar

down and a dollar a week or the advertisement emphasizing a false and misleading trade-in value for old TV's or automobiles will be largely removed from the scene. In this regard, I regret that the House defeated the Williams' amendment which would have placed a share of the burden of responsibility on direct mail order companies, newspapers, radio and TV for self-policing the character of advertisements.

Mr. Chairman, I was especially pleased that the majority side of the aisle accepted my amendment which will apply the same standards of disclosure on monthly bills sent out by installment lenders as apply to revolving credit. There is no question that disclosure will have a far more meaningful effect in educating the public in terms of the American consumer reading it every month on her bills than would have occurred if the disclosure only took place prior to the sale on the contract agreement. My amendment will apply to a potential of some $75 billion a year in consumer credit.

Mr. Chairman, I want to make it clear that the legislative intent of my amendment applies with equal force to annualizing the credit charges on installment contracts where the so-called front-end load or finance charge occurs in connection with a sale as opposed to the monthly credit charges.

I think the House is also to be commended for accepting the Poff amendment on loan sharking. This represents a milestone in legislative achievement in an area that has been ignored for entirely too long. The significance of the amendments offered by the gentleman from New Jersey [Mr. CAHILL] also should not be overlooked. To a large extent, his amendments will root out the second trust gyp artists.

In conclusion, I want to pay my deepest respects to the chairman of our committee and to the chairman of the Subcommittee on Consumer Affairs. There is no question in my mind that this bill is infinitely stronger, more far-reaching and more effective than that which passed the Senate. We legislated well in committee and here on the floor. Finally, what we should not overlook is the fact that this legislation is nearly entirely the product of congressional initiative, and not merely another in a long line of bills rubberstamped by the Congress at the behest of the executive branch.

AMENDMENT OFFERED BY MR. ZABLOCKI

Mr. ZABLOCKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ZABLOCKI: On page 49, immediately after line 11, insert:

"TITLE IV—DISCLOSURE OF CREDIT INFORMATION

"FINDINGS AND PURPOSE

"SEC. 251. (a) The Congress finds—

"(1) large banks and other large creditors are at the present time engaged in the creation and operation of nationwide data transmission and data processing networks whose operations are in interstate commerce and make extensive use of facilities of interstate commerce.

"(2) where credit information relating to the credit standing of individuals and families is handled through these networks, usually only the bare credit rating is transmitted or even readily accessible. The facts or allegations giving rise to the rating are generally unknown to those who use the credit ratings to make credit decisions.

"(3) while those who have created these data processing networks have generally taken elaborate precautions to avoid any legal liability to those most directly affected, the persons being rated, procedures to facilitate the correction, by the persons being rated, of errors in the ratings are virtually nonexistent. On the contrary, elaborate precautions are often taken to conceal from the persons most directly concerned, not only the ratings but the very identity of the organizations making them.

"(4) because of the nationwide character of these data processing networks, and the secrecy, anonymity, and gross oversimplifications which are characteristic of the system, individual consumers are generally powerless to protect themselves against either error or malice.

"(b) It is the purpose of this title to afford to individuals a means whereby they may ascertain and, where necessary, take steps to correct credit ratings concerning themselves which are, or are based upon information which is, transmitted in interstate commerce or by any means or facility of interstate commerce.

"SEC. 252. For the purposes of this title—

"(a) The terms 'credit' and 'creditor' shall have the meanings defined in section 202 of the Federal Reserve Act as amended by this Act.

"(b) The term 'credit report' means any written or oral report, recommendation, or representation as to the credit worthiness, credit standing, or capacity of any individual, and includes any information which is sought or given for the purpose of serving as the basis for a judgment as to any of the foregoing factors.

"(c) The term 'credit information agency' means (1) any creditor and (2) any individual, organization, or entity which engages in the business of making credit reports.

"(d) The unexplained refusal of a credit rating agency to give a credit report on any individual shall be deemed an adverse credit report on that individual for the purposes of this title.

"SEC. 253. No creditor may make use of any credit report without disclosing that fact and the identity of the credit rating agency to the person to whom the report relates if that person has applied to the creditor for credit.

"SEC. 254. No credit rating agency may make any credit report on any individual without disclosing to the individual, at his request, the content of the report and, in the case of any adverse report, the specific facts or allegations upon which the report is based.

"SEC. 255. The Board of Governors of the Federal Reserve System shall make such regulations as may be necessary to carry out the provisions of this title, and may exempt from the requirements of this title the transmission of any information if it finds that compliance with this title with respect thereto is both unnecessary to carry out the purposes of this title and an undue burden and expense in connection with credit transactions.

"SEC. 256. Whoever violates any provision of this title or any regulation of the Board of Governors of the Federal Reserve System issued pursuant to this title shall be fined not more than $1,000 or imprisoned not more than one year, or both."

Mr. PATMAN (during the reading). Mr. Chairman, this amendment has been furnished to the majority and to the minority members of the Committee on Banking and Currency. It is my opinion that all the Members on both sides of the aisle understand just what the amendment contains.

Therefore, I ask unanimous consent that further reading of the amendment be dispensed with, that it be printed in the RECORD, and that the gentleman from Wisconsin be permitted to explain the contents of his amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ZABLOCKI. Mr. Chairman, this amendment would create a new title, title IV, affecting the disclosure of credit information.

It would establish the right of an individual seeking credit to see any report prepared on himself by a central credit bureau or similar agency.

Information contained in credit reports currently is denied our people. This denial is both unjust and can cause serious economic hardship.

We live, Mr. Chairman, in a largely credit economy. A good credit rating is a virtual necessity and a precious possession.

Most Americans today live on credit—that is, on future earnings—with about 60 percent of the average individual's net income going to credit obligations of one kind or another. The practice is growing steadily.

Mr. Chairman, as you know, before any institution will extend credit, it examines the credit rating of the individual applying for credit. This rating is customarily received from one of the more than 2,500 local credit bureaus located throughout the United States.

These local bureaus are now in the process of being linked together by a nationwide data transmission and data processing network.

The purpose—and a good one—is to speed the transmission of credit information to every corner of our Nation.

At the same time, however, it will increase the possibility of injustices being done individuals seeking credit.

Where information relating to the credit standing of individuals and families is handled through these networks, usually only the bare rating is transmitted.

The circumstances giving rise to the rating are generally unknown to those who use the credit ratings to make credit decisions.

A mistaken identity or a situation requiring more explanation than is possible in transmission can ruin the chances of an individual to establish credit in a community into which he recently has moved.

My own deep interest in this problem dates from last fall when one of the families in my district suffered economic hardship and considerable embarrassment because of an erroneous credit report.

Because this family was denied any information contained in the report, the work of rectifying the mistake was a most complicated and burdensome process.

This refusal to access of a credit report is not unique.

As a matter of policy, credit bureaus

in the country today will not show individuals their own credit report.

A recent Reader's Digest article entitled "What Credit Bureaus Know About You," cites another interesting situation. A man was refused credit because his file contained an outdated record showing that he had been sued for nonpayment of a bill.

The fact was that the court suit had been brought 15 years earlier by a racketeering agency which had sent him publications he had never ordered. Although the suit had been thrown out of court, that information was not in the file.

Let us now turn to a section-by-section analysis of the bill.

Section 251 describes in detail the evils which this bill is designed to correct.

Subsection (a), (b), and (c) simply define the terms used under the bill.

The definition of "credit report" and "credit information agency" make it clear that the bill applies only to those agencies in the principal business of making such reports.

Subsection (d) is designed to prevent a credit agency from refusing to show an individual his credit report simply by saying that they do not have such a report, without explanation.

It is reasonable to assume that if an individual has applied for and been denied credit in a community, his record can be found at the local credit bureau. If for some reason it is not there, the credit bureau can escape any liability under the amendment simply by explaining the situation to the individual.

Section 253 gives a person denied credit the right to know from the institution denying credit the name of the agency from which the adverse report was obtained. With this information he would then be able to approach the proper agency for redress.

Section 254 would require that credit rating bureaus must, upon request, show an individual any credit report that they have made on him.

As I have pointed out before, at present an individual has no such right.

Section 255 puts the power of enforcing the legislation in the hands of the Board of Governors of the Federal Reserve Board.

To the Board it gives the authority to make the regulations necessary to carry out the intent and purposes of this amendment. In this the Board would be guided by the legislative intent expressed in section 251 of the amendment.

The Federal Reserve Board is also given the power to determine exemptions on those forms of information which it finds constitute an undue burden or expense on credit rating agencies. In this connection the intent is not to disrupt the normal operations of our credit system. It is important to the economic health of our Nation.

This section will give the power to exempt from regulations whatever types of credit rating the Board finds to be necessary.

This, I am sure will prevent any undue burden falling on our credit rating bureaus while getting at the evils which is the purpose of the amendment.

It may be noted here that corporate credit reports are not affected under the act—only consumer credit reports.

And finally, section 256 prescribes the penalties which may be incurred for violations of the title or regulations set down to implement it.

Mr. Chairman, every individual ought to have the right to see a credit report compiled on himself or herself. This title will establish that right.

I urge its adoption as title III of the Consumer Credit Protection Act.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I am delighted to yield to the distinguished gentleman from Texas, the chairman of the Committee on Banking and Currency.

Mr. PATMAN. Mr. Chairman, if this amendment is adopted, and if there is anything wrong about it, we shall have another opportunity to pass upon it, because there is no question but what this bill is certainly going to conference. However, this amendment has been very carefully examined by our staff of the Committee on Banking and Currency as well as by the members thereof, and we are confident that it is a good addition to the bill and will make the bill even stronger.

Therefore, Mr. Chairman, we are willing to accept the amendment which has been offered by the gentleman from Wisconsin.

Mr. ZABLOCKI. I thank the distinguished gentleman from Texas for his observation and for his acceptance of the proposed amendment.

Mr. WAGGONNER. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. Of course, I am glad to yield to the gentleman from Louisiana.

Mr. WAGGONNER. Mr. Chairman, do I understand correctly that the amendment which has been offered by the distinguished gentleman from Wisconsin [Mr. ZABLOCKI] will forbid, if adopted, any person engaged in the retail business who has asked for credit, to deny confidential credit information from references to the applicant for credit?

Mr. ZABLOCKI. Not at all; it does not propose to do that at all. It provides that one seeking credit be given an opportunity to know why credit is denied to him and upon what basis. It is my opinion that an applicant for credit should have this right, because there are errors which occur in credit ratings. On many occasions a credit rating is established based on erroneous information. Further, errors in identity often occur. When such circumstances exist the individual seeking credit or attempting to correct a credit rating is unable to do so unless he is told the reason for the adverse credit report.

Mr. WAGGONNER. Let me ask this one other question, if the gentleman will permit me——

Mr. PATMAN. Mr. Chairman, will the gentleman yield first for a brief suggestion?

Mr. ZABLOCKI. I will be glad to yield to the chairman.

Mr. PATMAN. There are plenty of agencies in the country that commercialize confidential information that is obtained legally, and one of the objects of this is to prevent the commercialization of confidential information. That is a good thing: is a wonderful thing, and it is something we shoud have had a long time ago.

Mr. WAGGONNER. I beg to differ with the gentleman.

Mr. TIERNAN. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Rhode Island.

Mr. TIERNAN. Would this not, or could this not lead to lawsuits against, say, business bureaus who give out information with regard to credit references? There is no protection with respect to suits against them?

Mr. ZABLOCKI. I submit there is adequate protection in this regard in section 255. This section provides for the power of enforcing this legislation, in the hands of the Board of Governors of the Federal Reserve Board. This Board could exempt under provisions of this section the requirements to transmit any information if it finds that compliance is unnecessary to carry out the intent and purpose of this amendment. The Board of Governors of the Federal Reserve Board could exempt in certain instances.

As to the possibility of or protection from suit, I submit credit rating bureaus should be as careful as banks and other large creditors pertaining to credit ratings. If accurate information is given, and error is kept to the minimum, there is little possibility of a suit. I believe we should be just as concerned about the credit rating of individuals and the right to maintain a proper credit status for a creditor as it is for the possibility of a suit, because of careless and erroneous information.

Mr. TIERNAN. This amendment, as I understand it, is directed to information supplied by a third party, or only by the party requested to give credit?

Mr. ZABLOCKI. From the third party.

Mr. TIERNAN. So that information obtained from the third party is given to the purchaser; is that correct?

Mr. ZABLOCKI. That is correct.

Mr. TIERNAN. There is no protection for the instrument or the agency that is given the information from a lawsuit from that purchaser if the information is false; is that correct?

Mr. ZABLOCKI. There would not be any protection any more than——

Mr. TIERNAN. The only thing is today they are not required to give that information, are they?

Mr. ZABLOCKI. They are not.

Mr. WIDNALL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

This, it seems to me, is a very far-reaching amendment. I believe the purpose is good, but it is something we never took up in committee. It is so far reaching that we should have ample time to consider it within committee as a separate measure some time in the near future. I believe we are making a great mistake to act hurriedly on this without having any kind of testimony as to its far-reaching effect.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the distinguished chairman.

Mr. PATMAN. May I invite the distinguished gentleman's attention to the fact that the Poff amendment yesterday was rather a far-reaching amendment, and it is in the same category, and it is in the same deal that this would be in. So I believe it would be reasonable to suggest that if there is anything wrong about this amendment—and I do not believe that there is, and our experts say there is nothing wrong with it, and it is in the public interest—but should anything wrong be discovered about it, we still have another chance of taking it out.

Mr. WIDNALL. I certainly do not believe that there is any similarity between this amendment and the Poff amendment. The matters contained in the Poff amendment are of pretty general knowledge, and were talked about for many, many months. This is not something that has been discussed within the Congress, or by a congressional committee, and I believe it would be a serious mistake to accept it now.

Mr. FLYNT. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Georgia.

Mr. FLYNT. I agree with the gentleman from New Jersey that the amendment should be defeated.

From what I heard of the explanation of it, it appears to me that the adoption of this amendment might put the responsibility on the merchant to justify the refusing of credit in any amount to a person who applied for credit at his place of business.

It could subject a merchant to a damage suit in the event he refused to extend credit.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman.

Mr. ZABLOCKI. I am sorry if I gave that impression. A merchant would in no way be liable. I believe, however, and I am sure the gentleman from New Jersey will agree, that an unexplained refusal of credit rating is unjust to a purchaser who desires to have credit, and I think there ought to be an explanation when he is denied that credit.

Mr. HOLIFIELD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have not spoken on this bill, but I am a little bit concerned about this amendment offered by my friend, the gentleman from Wisconsin [Mr. ZABLOCKI].

In the utilization of commercial practices, the people who are in business frequently go to credit agencies and ask for credit reports on people. Those credit reports usually come in and the ratings, particularly on consumer credit come in as "A," "B," "C" and so on. Sometimes they come in saying the man is behind time in his payments. Sometimes it comes in saying that he had to be sued to obtain payment of his bill. Sometimes you have information that he is undergoing divorce proceedings and that his accounts have been tied up in court by the complaining partner in the marriage.

There is a lot of confidential information in these credit reports which I feel is confidential, and I just think we are going a little too far here on this particular thing, if I understand the Zablocki amendment correctly.

I speak as a person of some experience. I happen to own a retail business and I utilize the revolving credit formula. You have to use it if you are going to stay in competition because everybody else uses it. I do utilize it—and at a rate 33½ percent less than the people in my particular area—and I do that voluntarily.

But there have been an awful lot of amateurs talking in the well of the House who have not had commercial experience and retail commercial experience in the utilization of credit.

I have heard a lot of statements from the well of the House that are pretty unrealistic. I have not challenged them because I do not want to be in the position of being a self-pleader or in a conflict of interest even for a moment.

I supported the so-called Sullivan amendment. I am going to support the bill because I do believe in full truth in credit and in letting the consumer know what that cost is going to be. I do not care whether it is on a monthly or a yearly basis so far as I am concerned personally.

But here is a three-page amendment. I do not know—are you going to come in next and ask a lawyer to reveal his confidential information between himself and a client if it happens to be related to credit or for some other purpose?

I just think we ought to go a little bit slow on this thing and know a little bit more about it.

The gentleman from New Jersey [Mr. WIDNALL] has said that this matter was not brought up in committee and discussed. It is farreaching in its effect. I would just say I think we ought to go a little bit slow on forcing a merchant to reveal confidential information.

Are you going to take the Dun and Bradstreet ratings of merchants, for instance, and publish them in the paper or give them to irresponsible people who might disclose the credit standings of firms as well as individuals? I do not know how far this will go.

Mr. ZABLOCKI. This does not affect corporate credit ratings at all. It has to do with individual consumer ratings.

Mr. TIERNAN. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN. The gentleman from Rhode Island is recognized for 5 minutes.

Mr. TIERNAN. Mr. Chairman, I am concerned about this amendment because, frankly, I have been supporting Mrs. SULLIVAN'S amendments to the bill in their full context. However, if you take the time to read the language of this amendment, the amendment applies to all credit reports, either written or oral, made as reports, recommendations or representations as to the creditworthiness, credit standing or capacity of any individual.

I pose the example to the Members of the House here of my being a merchant and having a customer by the name of Tiernan come into my store to buy a color TV. I tell him that I do not have that set in my store at the moment but I will have it in tomorrow. I meet Mr. Jones the next morning for coffee. He is a merchant also in town. He tells me that Tiernan's credit rating is not too good because he had some experience with him when he bought a refrigerator from him. He was a little delinquent in payment.

That day I go back to my store and Tiernan comes in to get the TV set. I decide that I am not going to extend him any credit.

Does the amendment mean that I have to tell Mr. Tiernan that my good friend, Mr. Jones, told me that he was not credit-worthy, and if I do, what is my legal liability?

There is no protection here at all for a suit against me or against Mr. Jones, who told me that information.

Frankly, though the committee members may have studied this, there is no testimony before the committee with regard to the amendment, and I think it may be useful to bring it in before this body in a different form with certain safeguards in it, but in its present form I think it goes a little bit too far in that we may be getting into areas where we do not know what would result as a consequence of this attempt to protect the consumers.

Mr. MINISH. Mr. Chairman, will the gentleman yield?

Mr. TIERNAN. I yield to the gentleman from New Jersey.

Mr. MINISH. There is another possibility in the example you stated. The party of the second part may not want to lose the business. He resents the purchaser going to another store. So he tells the man who asks that the prospective purchaser is a bad credit risk in order not to lose him as a customer.

Mr. TIERNAN. That is true; that is always a possibility. However, after 2 days of debate on this measure we should be most cautious not to take a step which would result in greater damage than good.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. TIERNAN. I yield to the gentleman from California.

Mr. HOLIFIELD. The extension of credit by a merchant is a matter of judgment. He extends credit on the basis of his judgment that the extension of that credit will result in the man paying his bills. Many things may enter into his judgment on that question. Here you would step in and say that he has to reveal the confidentiality of any information that he may have on the extension of that credit. If you are going to force every man who sells merchandise on credit to sell and prove all the factors or reveal all the factors which concerned his judgment that the extension of credit will be justified and that the bill will be paid, it seems to me you are going a long ways to make the man liable for a suit for revealing the information which he may have, but which may be very difficult for him to go into court and justify or reveal without the basis of a suit against him or his informant.

You are not denying that individual the right to have merchandise. He can go to a competitor and get his merchan-

dise if he wants to. But again I say you cannot take away the judgment from the merchant as to whether he should sell a prospective buyer or not sell.

Mr. PICKLE. Mr. Chairman, I move to strike the requisite number of words.

I simply wish to say that I think we are getting on dangerous ground here, however well intended the amendment offered may be. I am sure that is the case. The amendment states on page 2:

It is the purpose of this title to afford to individuals a means whereby they may ascertain and, where necessary, take steps to correct credit ratings. . . .

That is a good purpose, but it does not say how he is to obtain these records, and it might mean he would come to a merchant and make him reveal any kind of credit rating that might have been given to the merchant in confidence.

The amendment goes on further to say in section 254 that no credit rating agency may make any credit report on any individual without disclosing to the individual at his request the contents of the report, and, in the case of any adverse report, the specific facts or allegations on which the report is based.

I would say that would put a merchant in a very disadvantageous position and that he would be hesitant either to furnish or certainly not furnish any kind of document he might have.

Perhaps an individual ought to have a chance to see why his credit was refused. Perhaps there is a better answer to it. Perhaps we should say to the commission they may receive complaints from an individual if they feel credit was improperly denied, or at least the individual would have some place to go. But it seems to me we do not have this well thought out, and, pending some conference with the other body, I think this is a very dangerous thing, and we should have further thought on this amendment. I, therefore, oppose the amendment.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. PICKLE. I yield to the chairman.

Mr. PATMAN. Mr. Chairman, may I say the intent of this amendment is spelled out in the first paragraph. We have a different situation. It involves millions of dollars of credit. Here is language that talks about large banks and other large creditors which are to be engaged in the creation of and operation of a nationwide data transmission and data processing networks. It is necessary that people have some protection in the bill against these machines if mistakes are made. I think this is very reasonable, and it is the very thing we did for the minority side yesterday. We accepted a long amendment, much longer than this, with the understanding we would go along with it and study it in detail before the conference is held.

Mr. PICKLE. No one questions the intent of the amendment. The question is how the document might or might not be furnished and under what circumstances. I think it has not been well thought out and should be defeated.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, I have not seen a copy of the amendment. Does this go to bank credit ratings as well as to credit bureaus?

Mr. PICKLE. Mr. Chairman, I would just answer the gentleman this way. The amendment at the beginning says "that large banks and other large creditors"—but throughout the entire amendment it talks in terms of "any creditor" not being able to refuse documents or data. I think it would go much further than any bank. It could go to any bureau or to any merchant.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. ZABLOCKI].

The amendment was rejected.

Mr. BYRNE of Pennsylvania. Mr. Chairman, I completely support the gentle lady from Missouri, Congresswoman SULLIVAN, on this important legislation to protect the consumers of this country. She has done a magnificent job in calling to the attention of the American people the need for truth-in-lending legislation and for protection of the consumer in the use of credit.

In Philadelphia we have had many instances where the poor have been victimized by sharp practices of the money lenders and the credit gyps, and it is time to expose these people by making the true facts known to the consumer about the rates charged for credit.

Mr. PATMAN. Mr. Chairman, in recent months, the National Rural Electric Cooperative Association has done much to inform the public—particularly our rural citizens—about the need for a strong truth-in-lending bill.

Through the office of its Women's Activities Coordinator, Mrs. Erma Angevine, NRECA has used its publications and meetings to explain the tremendous need for this type of legislation. This work with its 20 million consumer members across the country has been invaluable in gaining wide understanding and support for H.R. 11601. In addition, I know that many State rural electric associations, including my home State of Texas, have given equally strong support to the cause of justice for the American consumer.

Mr. Chairman, the National Rural Electric Cooperative Association, along with other consumer organizations, has given its full support to the inclusion of revolving credit and the elimination of the $100 exemption. In short, they have asked that the major loopholes be closed and I commend them for this position. Their position on this legislation has been beneficial not only to the rural people, but to the entire country.

Mr. BINGHAM. Mr. Chairman, the purpose of the amendment proposed by the gentleman from Virginia [Mr. POFF], for which I voted this afternoon, is to make loan-sharking activities by organized crime syndicates a Federal crime. I trust that the amendment will be carefully studied by the Senate-House conference committee when it considers the bill, as the distinguished chairman, the gentleman from Texas [Mr. PATMAN], indicated would be the case. Certainly it is not good legislative practice to have a far-reaching amendment of this kind considered for the first time on the floor of the House without extensive debate, but the machinations of the organized crime syndicates deserve Federal attention and adoption of the Poff amendment will guarantee this attention. If, after studying the provisions of the Poff amendment, the conference committee should decide that the provisions are too vague or too broad and that innocent persons may be put in jeopardy, I trust that the conference committee will either revise the provisions so as more precisely to pinpoint the evil attacked or will reject the amendment altogether, with a view to having the provisions studied in greater detail by appropriate committees of both the House and Senate.

I respect those few of my colleagues who voted against the amendment because of what they felt were its technical imperfections, but I am confident that such technical imperfections can be dealt with in the manner I have suggested.

Mr. HORTON. Mr. Chairman, I rise in support of the Consumer Credit Protection Act of 1968. There is wide support for truth-in-lending legislation in this country, among borrowers and lenders and among sellers and buyers. It is fair to say that there is a real consensus on the need for fair and full information on the costs of borrowing money, and on the costs of buying merchandise "on time."

Under this bill, lending institutions and sellers will be required to disclose in easily understandable and uniform terms what the cost of credit will be in a particular transaction. This will enable the borrower and consumer to compare and shop for credit which is most economical without having to decipher complex or incomplete statements of credit costs. These disclosure requirements will extend to credit advertising as well as to specific credit transactions, to further facilitate a situation where the consumer can select his creditor or lender with his eyes wide open, and with a full understanding of the transaction he is about to enter.

In addition, the several factors included in total financing charges are subject to these disclosure requirements—for example, where credit life insurance is mandatory, this fact, plus a detailing of its costs must be disclosed to the borrower.

Mr. Chairman, the Congress does not, by enacting this bill, impose any ceilings or regulations on interest rates or installment buying and selling practices. These matters, in most cases, are the rightful province of the States. The bill does include, however, two provisions which strongly discourage unfair and illicit credit practices.

The first restricts the garnishment of employee wages to no more than 10 percent of earnings above $30 per week, and it forbids employers from firing an employee for his first garnishment. This provision is generally parallel to the laws of New York and other States.

The second provision, puts the teeth of Federal enforcement behind State laws prohibiting loan-sharking, or lending at illegally high interest rates by making violations of State interest laws a Federal offense. This provision is among the most important in the legislation. It hits hardest at organized crime, which derives a large income each year from loan-shark operations. This section of the

bill complements nine bills I introduced during the first session to provide the necessary legal and enforcement tools for a crackdown on organized criminal operations. The addition of the anti-loan-shark amendment to the Consumer Protection Act is a very welcome and crucial one.

Mr. Chairman, I commend the members of the Committee on Banking and Currency and the segments of our economy which have cooperated in giving form and substance to this landmark piece of legislation. H.R. 11601 has my fullest support; I view it as a benefit to all segments of what is rapidly becoming a credit-oriented economy, particularly to the American consumer.

Mr. COHELAN. Mr. Chairman, I rise in support of the Consumer Protection Act.

This measure, generally known as the truth-in-lending bill, is the most important piece of consumer protection legislation to come before the House of Representatives in many sessions.

This bill will allow us, as consumers, to shop knowledgeably for credit.

Unlike groceries which are sold for so much a pound, and therefore with easily comparable prices, credit charges have not been regularly disclosed, and when disclosed, they have not generally been disclosed in a complete and comparable manner. Put simply, what the truth-in-lending law will do is to require complete disclosure, in writing in advance, of the total dollar costs of credit, stated in a readily comparable annual rate. Thus, it will be easy to shop for credit. Everyone will know how much they are paying and at what rate. Consumers will then knowingly be able to reject excessive credit charges.

The House bill, as amended, will require credit cost disclosure for practically all consumer credit. It will cover consumer bank loans, finance company loans, credit union lendings, installment credit sales, revolving credit, and home mortgages. Credit purchases on credit cards, at department stores, and of automobiles, furniture, and appliances will be with complete disclosure.

What is complete disclosure under the bill? It is disclosure of all credit costs, including those figured as a percentage of the amount of credit extended, points on home loans, loan fees, credit life insurance and the like. All mandatory charges imposed by the creditor and payable by the borrower incident to the extension of credit must be disclosed.

Not only must all these charges be disclosed, but they must be stated in dollars and cents as the total cost of credit. And this cost must also be stated as an annual rate.

Thus the 6-percent, 12-month automobile loan in which the credit costs are added to the amount borrowed and then the balance paid off in 12 equal monthly installments would be stated as 10.90 percent per annum interest on the unpaid balance. This certainly will make it easier to compare credit costs.

The bill also requires that credit costs and rates be disclosed in writing in advance of the transaction. Disclosure also will be required of the number, amount and due dates of payments, as well as of any penalties for late payments.

Revolving credit accounts, like those used by most department stores, are a major and growing source of consumer credit. To assure knowledgeable shoppers for this form of credit the bill requires, in addition to total cost and rate disclosure, that the seller tell the buyer the following:

The basic conditions of the credit plan;

The method of calculating credit costs;

The nature and calculation method of any late costs or penalties;

The outstanding balance at the beginning of the billing period;

The amount and date of each extension of credit, and a description of any goods which were purchased;

The total amount credited to the buyer's account during the billing period;

The total amount of credit charges incurred in the billing period, including a breakdown of those which are due to a percentage charge, and those due to a fixed fee; and

The date by which payment must be received to avoid any penalty or late fee.

Thus there is extensive coverage of this form of credit. Revolving credit buyers will now be more able to decide whether to buy on time and if they do whether they are paying more or less than they might pay elsewhere.

In this area, it is worth a moment's pause to point out that a considerable portion of the revolving credit costs do not represent true interest costs. Most of the costs of extending revolving credit are service charges much like those charged by banks on the processing of personal checks. Each charge entry and each payment on the revolving credit account, like each check and each deposit, requires considerable processing. The revolving credit charges must meet these costs as well as the interest costs of loaning money. Thus it is to be expected that the rates quoted on revolving credit will be considerably higher than the rates quoted on sizable loans which do not entail so large a processing factor. This fact may require a revision of the handling of revolving credit disclosure.

Also, the annual rate disclosure required by the law is not a totally accurate description of the credit costs. If revolving accounts do not, for example, credit payments made during the billing period in computing charges, the costs will be higher, but the annual rate figure will not reflect it.

However, we cannot solve all the problems at the outset. What we must do is to keep a very close watch on the functioning of the disclosure system this bill sets up, and to make the changes, if any, which are suggested by malfunctions in the system.

By adopting the amendment requiring disclosure of credit charges under $10 and annual rate quotations for revolving credit, we have not solved all the problems. We must continue to be watchful.

Too, the conference will have the chance to work its will on this measure, and any final judgment must await the actual enactment of this measure.

Not all the significant provisions of the truth-in-lending bill deal directly with the extension of credit. Title II of the bill protects wage earners by prohibiting with certain exceptions the garnishment of the first $30 of wages each week, and 90 percent of all wages over that amount. Further still, and perhaps even more importantly, the bill prohibits the discharge of any employee on the ground that he has on one occasion had his wages attached. This will relieve a great pressure and threat from all workers, and especially those at the lower income levels.

Title III of the bill will establish a Consumer Finance Commission to study the functioning and structure of the consumer finance industry. This will help us keep an eye on the mechanics of the truth-in-lending measure and on any aberrations which need to be corrected.

In short, the truth-in-lending bill is a major piece of legislation. It takes us a long way from the old caveat—let the buyer beware—and moves us toward the ideal of fully informed and truly knowledgeable buyers—and fair sellers.

Mrs. SULLIVAN. Mr. Chairman, this has been a thrilling experience and I want to thank all of the Members on both sides of the aisle who have been helpful on this legislation, particularly the chairman of the Banking Committee, Mr. PATMAN; the ranking minority member, Mr. WIDNALL—I must admit he has given me some problems from time to time but he is always a gentleman and he fights clean; the cosponsors of this bill, Mr. GONZALEZ, Mr. MINISH, Mr. ANNUNZIO, Mr. BINGHAM, and Mr. HALPERN—it took courage to put their names on this bill back on July 20 when it was introduced and contained provisions on truth-in-lending we were told would not stand a chance of being considered, and then these other things like garnishment, at the time, was considered a very extreme proposal. After we had our session with the Federal Court Bankruptcy Referees and some of the great legal experts on this subject, a completely new attitude developed on the garnishment issue.

I cannot begin to single out all the people who have helped in drafting or in suggesting revisions in the bill to improve it. The staff has worked terribly hard. The furniture dealers' Washington representative, Mr. Spencer Johnson, was one of the first in the business field to really get busy on alerting independent business on the danger to small business and independent business from the revolving credit amendment, and the banking community, when it finally did become involved at the local level, was very effective. Evelyn Dubrow and her truth-in-lending task force, consisting of many of the civic and voluntary and labor organizations, did a wonderful job in alerting consumers and Betty Furness I am proud of. As far as I am concerned, she put more into this than the rest of the administration combined. She is a worthy successor to Esther Peterson.

I know the Members of the House are my friends and will not be critical of the

immodesty in my reading now the most touching and the most wonderful communication I have received on this fight. It was in my office last night when I returned from the floor after the terrific landslide votes on revolving credit and the $10 exemption, and I hope everyone will excuse my vanity in reading this message because of the history of the 8-year battle over this legislation and the fact that this is the first time this legislation has ever been considered in the House. The message is as follows:

God bless you, dear lady, for your work and bravery. It could not have been done without you and, from all I hear, you were the deciding factor. There are millions who will yet rise up and call you blessed.

With love and affectionate gratitude.

PAUL H. DOUGLAS.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. ALBERT) having assumed the chair, Mr. PRICE of Illinois, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 11601) to safeguard the consumer in connection with the utilization of credit by requiring full disclosure of the terms and conditions of finance charges in credit transactions or in offers to extend credit; by establishing maximum rates of finance charges in credit transactions; by authorizing the Board of Governors of the Federal Reserve System to issue regulations dealing with the excessive use of credit for the purpose of trading in commodity futures contracts affecting consumer prices; by establishing machinery for the use during periods of national emergency of temporary controls over credit to prevent inflationary spirals; by prohibiting the garnishment of wages; by creating the National Commission on Consumer Finance to study and make recommendations on the need for further regulation of the consumer finance industry; and for other purposes, pursuant to House Resolution 1043, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. GERALD R. FORD. Mr. Speaker, I demand a separate vote on the so-called Poff amendment.

Mr. WAGGONNER. Mr. Speaker, I demand a separate vote on the Committee amendment on page 40, line 13, as amended in section 202.

The SPEAKER pro tempore. Is a separate vote demanded on any other amendment? If not, the Chair will put them en bloc.

The amendments were agreed to.

The SPEAKER pro tempore. The Clerk will report the first amendment on which a separate vote has been demanded.

The Clerk read as follows:

On page 40, insert after line 5 the following new section:

"SEC. 102(a). The Congress makes the following findings:

"(1) Organized crime is interstate and international in character.

"(2) Organized crime is engaged directly in interstate and foreign commerce, as well as intrastate commerce, in loaning money and other valuable things at excessive rates of interest, often in conjunction with the use of force, violence, and fear. This so-called loan sharking business of organized criminals and other criminals involves billions of dollars each year.

"(3) The stability of the Nation's economy is affected by loan sharking activities.

"(4) The use of legitimate credit channels would be enhanced by the prevention of loan sharking activities.

"(5) The production and flow of goods in the Nation's economy is hindered by the diversion of money into excessive and confiscatory credit payments.

"(6) Federal programs designed to aid the poor in the United States are rendered less effective by loan sharking activities.

"(7) The diversion of money and assets into organized crime nullifies the purposes and benefits of a free enterprise economy and hinders the operations of Federal statutes and regulations designed to preserve that economy.

"(8) In order to protect commerce, benefit the national economy and assure the full effects of Federal programs designed to aid the poor and maintain a free enterprise system, it is the purpose of this Act to prohibit loans at excessive and prohibitive rates of interest.

"(9) Loan sharking activities directly impair the effectiveness and frustrate the purposes of the laws enacted by the Congress on the subject of bankruptcies.

"(10) Loan sharking activities impair the stability of the national economy and thereby interfere with the regulation of the value of money.

"b (1) Whoever in any way or degree obstructs, delays, or affects commerce or the movement of any article or commodity in commerce by loan sharking or attempts so to do shall be fined not more than $10,000 or imprisoned not more than five years, or both.

"(2) (A) Whoever travels in interstate or foreign commerce or uses any facility in interstate or foreign commerce, including the mail, with the intent to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on, of loan sharking, and (B) thereafter performs or attempts to perform any act described in the preceding clause, shall be fined not more than $10,000 or imprisoned for not more than five years, or both.

"(3) As used in this section—

"(A) The term 'loan sharking' means the lending of money at a rate of interest prohibited by the statutes of the State where the loan transaction takes place.

"(B) The term 'commerce' means commerce within the District of Columbia, or any Territory or possession of the United States; all commerce between any point in a State, Territory, possession, or the District of Columbia and any point outside thereof; all commerce between points within the same State through any place outside such State; and all other commerce over which the United States has jurisdiction.

"(4) Whoever knowingly participates in any way in a wrongful use of actual or threatened force, violence, or fear in connection with a loan or forbearance in violation of subsections (1) and (2) of this section, or attempted violation thereof, shall be fined not more than $10,000 or imprisoned not more than twenty-five years, or both.

"(5) Whoever knowingly possesses, maintains, or exercises control over any paper, writing, instrument, or other thing used to record any loan or forbearance or any part of such transaction in violation of subsections (1) and (2) of this section shall be fined not more than $5,000 or imprisoned not more than five years, or both.

"(c) The provisions of subsection (b) of this section do not apply to any extension of credit by a creditor which is both—

"(1) licensed or chartered as a banking or lending institution by the United States or any State, and

"(2) regulated and supervised as a banking or lending institution by the United States or any State.

"(d) Whenever in the judgment of a United States attorney the testimony of any witness, or the production of books, papers, or other evidence by any witness, in any case or proceeding before any grand jury or court of the United States involving any violation of this section, or any conspiracy to violate such section, is necessary to the public interest, such United States attorney, upon the approval of the Attorney General, or his designated representative, shall make application to the court that the witness shall be instructed to testify or produce evidence subject to the provisions of this section, and upon order of the court such witness shall not be excused from testifying or from producing books, papers, or other evidence on the ground that the testimony or evidence required of him may tend to incriminate him or subject him to a penalty or forfeiture. But no such witness shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, nor shall testimony so compelled be used as evidence in any criminal proceeding (except prosecution described in the next sentence) against him in any court. No witness shall be exempt under this section from prosecution for perjury or contempt committed while giving testimony or producing evidence under compulsion as provided in this section.

"(e) This Act shall not be construed as indicating an intent on the part of Congress to occupy the field in which this Act operates to the exclusion of a law of any State, territory, Commonwealth, or possession of the United States, and no law of any State, territory, Commonwealth, or possession of the United States, which would be valid in the absence of the Act shall be declared invalid, and no local authorities shall be deprived of any jurisdiction over any offense over which they would have jurisdiction in the absence of this Act."

Mr. GERALD R. FORD (during the reading). Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. GERALD R. FORD. Mr. Speaker, is the Clerk reading the Poff amendment?

The SPEAKER pro tempore. The gentleman is correct.

Mr. GERALD R. FORD. Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER pro tempore. The question is on the amendment.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. GERALD R. FORD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make a point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 383, nays 5, not voting 43, as follows:

[Roll No. 12]

YEAS—383

Abbitt	Donohue	Johnson, Calif.
Abernethy	Dorn	Johnson, Pa.
Adair	Dow	Jonas
Adams	Dowdy	Jones, Ala.
Addabbo	Downing	Jones, Mo.
Albert	Dulski	Jones, N.C.
Anderson, Ill.	Duncan	Karth
Anderson, Tenn.	Dwyer	Kastenmeier
	Edmondson	Kazen
Andrews, Ala.	Edwards, Ala.	Kee
Andrews, N. Dak.	Edwards, Calif.	Keith
	Edwards, La.	Kelly
Annunzio	Eilberg	King, Calif.
Arends	Esch	King, N.Y.
Ashbrook	Eshleman	Kirwan
Ashley	Everett	Kleppe
Ashmore	Evins, Tenn.	Kluczynski
Aspinall	Fallon	Kornegay
Ayres	Farbstein	Kuykendall
Baring	Fascell	Kyl
Barrett	Feighan	Kyros
Bates	Findley	Landrum
Battin	Fino	Langen
Belcher	Fisher	Latta
Bell	Flood	Leggett
Bennett	Flynt	Lennon
Berry	Foley	Lloyd
Betts	Ford, Gerald R.	Long, La.
Bevill	Ford, William D.	Lukens
Biester		McCarthy
Bingham	Fraser	McCloskey
Blackburn	Frelinghuysen	McClure
Blanton	Friedel	McCulloch
Blatnik	Fulton, Pa.	McDade
Boggs	Fulton, Tenn.	McDonald, Mich.
Boland	Fuqua	
Boiling	Gallifianakis	McEwen
Bolton	Gallagher	McMillan
Bow	Gardner	MacGregor
Brademas	Garmatz	Machen
Brasco	Gathings	Madden
Bray	Gettys	Mahon
Brinkley	Gilbert	Mailliard
Brock	Goodell	Marsh
Brotzman	Goodling	Martin
Brown, Calif.	Gray	Mathias, Calif.
Brown, Mich.	Green, Oreg.	Mathias, Md.
Brown, Ohio	Green, Pa.	Matsunaga
Broyhill, N.C.	Griffiths	May
Broyhill, Va.	Gross	Mayne
Buchanan	Grover	Meeds
Burke, Fla.	Gubser	Meskill
Burke, Mass.	Gude	Michel
Burton, Calif.	Hagan	Miller, Calif.
Burton, Utah	Haley	Miller, Ohio
Bush	Hall	Minish
Button	Halpern	Minshall
Byrne, Pa.	Hamilton	Mize
Byrnes, Wis.	Hammer-schmidt	Montgomery
Cahill		Moore
Carey	Hanley	Moorhead
Carter	Hanna	Morgan
Casey	Hansen, Idaho	Morris, N. Mex.
Chamberlain	Hardy	Morse, Mass.
Clancy	Harrison	Morton
Cohelan	Harsha	Mosher
Collier	Harvey	Murphy, Ill.
Colmer	Hathaway	Murphy, N.Y.
Conable	Hawkins	Myers
Conte	Hays	Natcher
Conyers	Hébert	Nedzi
Corman	Hechler, W. Va.	Nelsen
Cowger	Heckler, Mass.	Nichols
Culver	Helstoski	Nix
Cunningham	Henderson	O'Hara, Ill.
Curtis	Herlong	O'Hara, Mich.
Daddario	Hicks	O'Konski
Daniels	Hollifield	Olsen
Davis, Ga.	Holland	O'Neal, Ga.
Davis, Wis.	Horton	O'Neill, Mass.
de la Garza	Hosmer	Ottinger
Delaney	Howard	Patman
Dellenback	Hull	Patten
Denney	Hungate	Pelly
Dent	Hunt	Pepper
Derwinski	Hutchinson	Perkins
Devine	Ichord	Pettis
Dickinson	Irwin	Philbin
Diggs	Jacobs	Pickle
Dingell	Jarman	Pike
Dole	Joelson	Pirnie
Poage	Satterfield	Tunney
Poff	Saylor	Udall
Pollock	Schadeberg	Ullman
Pool	Scherle	Utt
Price, Ill.	Schneebeli	Van Deerlin
Price, Tex.	Schweiker	Vander Jagt
Pucinski	Schwengel	Vanik
Purcell	Scott	Vigorito
Quie	Selden	Waggonner
Quillen	Shipley	Waldie
Railsback	Sikes	Walker
Randall	Sisk	Wampler
Rarick	Skubitz	Watkins
Rees	Slack	Watson
Reid, Ill.	Smith, Calif.	Watts
Reid, N.Y.	Smith, N.Y.	Whalley
Reifel	Smith, Okla.	White
Reinecke	Snyder	Whitener
Resnick	Springer	Whitten
Reuss	Stafford	Widnall
Rhodes, Pa.	Staggers	Wiggins
Riegle	Stanton	Williams, Pa.
Rivers	Steed	Willis
Roberts	Steiger, Ariz.	Wilson, Bob
Rodino	Steiger, Wis.	Wilson, Charles H.
Rogers, Colo.	Stephens	
Rogers, Fla.	Stratton	Winn
Ronan	Stubblefield	Wolff
Rooney, N.Y.	Stuckey	Wright
Rooney, Pa.	Sullivan	Wyatt
Rostenkowski	Taylor	Wydler
Roth	Teague, Calif.	Wylie
Roudebush	Teague, Tex.	Wyman
Roush	Tenzer	Yates
Roybal	Thompson, Ga.	Young
Ruppe	Thompson, N.J.	Zablocki
Ryan	Thomson, Wis.	Zion
St Germain	Tiernan	
Sandman	Tuck	Zwach

NAYS—5

Celler	Evans, Colo.	Scheuer
Eckhardt	Gonzalez	

NOT VOTING—43

Brooks	Giaimo	Mink
Broomfield	Gibbons	Monagan
Burleson	Gurney	Moss
Cabell	Halleck	Passman
Cederberg	Hansen, Wash.	Pryor
Clark	Karsten	Rhodes, Ariz.
Clausen, Don H.	Kupferman	Robison
	Laird	Rosenthal
Clawson, Del	Lipscomb	Rumsfeld
Cleveland	Long, Md.	St. Onge
Corbett	McClory	Shriver
Cramer	McFall	Smith, Iowa
Dawson	Macdonald, Mass.	Taft
Erlenborn		Talcott
Fountain	Mills	Whalen

So the amendment was agreed to.

The Clerk announced the following pairs:

Mr. Brooks with Mr. Broomfield.
Mrs. Mink with Mr. Cederberg.
Mr. Gibbons with Mr. Laird.
Mr. Monagan with Mr. Rhodes of Arizona.
Mr. Fountain with Mr. Cramer.
Mr. Pryor with Mr. Talcott.
Mr. St. Onge with Mr. Halleck.
Mr. Moss with Mr. Don H. Clausen.
Mr. Rosenthal with Mr. Lipscomb.
Mr. Karsten with Mr. Robison.
Mr. Passman with Mr. Del Clawson.
Mr. Giaimo with Mr. Gurney.
Mr. McFall with Mr. McClory.
Mr. Burleson with Mr. Cleveland.
Mr. Clark with Mr. Shriver.
Mr. Macdonald of Massachusetts with Mr. Taft.
Mr. Cabell with Mr. Kupferman.
Mr. Smith of Iowa with Mr. Erlenborn.
Mrs. Hansen of Washington with Mr. Whalen.
Mr. Mills with Mr. Long of Maryland.

Mr. BYRNE of Pennsylvania, Mr. EDWARDS of California, Mr. MATSUNAGA, and Mr. EILBERG changed their votes from "nay" to "yea."

The doors were opened.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

On page 40, strike lines 13 through 19 and insert the following:

"SEC. 202. (a) Except as provided in subsection (b) of this section, not more than 10 per centum of the excess over $30 per week, or its equivalent for any pay period of a different duration, of any wages, salary, or earnings in the form of commission or bonus as compensation for personal services may be attached, garnished, or subjected to any similar legal or equitable process or order. No court of the United States or of any State may make, execute, or enforce any order or process in violation of this section.

"(b) The prohibition contained in subsection (a) of this section does not apply in the case of any debt due—

"(1) under the order of any court for the support of any person; or

"(2) for any State or Federal tax.

"(d) The Secretary of Labor, acting through the Wage and Hour Division of the Department of Labor, shall enforce the provisions of this section.

"SEC. 203. (a) No employer may discharge any employe by reason of the fact that on one occasion, wages or other compensation due the employee for personal services have been subjected to attachment, garnishment, or any similar legal or equitable process.

"(b) The Secretary of Labor, acting through the Wage and Hour Division of the Department of Labor, shall enforce the provisions of this section.

"(c) Whoever willfully violates subsection (a) of this section shall be fined not more than $1,000, or imprisoned not more than one year, or both.

"SEC. 204. This title shall not be construed to annul, alter, or affect, or to to exempt any creditor from complying with, the laws of any State relating to the garnishment of wages, salary, or earnings in the form of commission or bonus, as compensation for personal services in connection with credit transactions, where such laws—

"(1) prohibit such garnishments or provide for more limited garnishments than are provided for in section 202(a) of this title, or

"(2) prohibit the discharge of any employee by reason of the fact that, on any occasion, wages or other compensation due the employee for personal services have been subjected to attachment, garnishment, or any similar legal or equitable process."

Mr. PATMAN. (During the reading) Mr. Speaker, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WIDNALL. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WIDNALL. Mr. Speaker, is it not true that a vote "yea" on the proposed amendment would eliminate the committee amendment?

The SPEAKER. A vote "yea" would be a vote to adopt the committee amendment.

Mr. WIDNALL. That is true. If the amendment offered by the gentleman from Louisiana [Mr. WAGGONNER] is adopted, then the bill would go back to the original language as reported by the Committee, reinstating section 202 (a) and (b)?

The SPEAKER. In response to the parliamentary inquiry, the Chair will

state that if the committee amendment is defeated the language would go back to that in the original bill.

Mr. WIDNALL. The gentleman is moving to strike the committee amendment, I believe.

Mr. ALBERT. Mr. Speaker, if the gentleman will yield, there has not been an offering of an amendment. There has been a request for a separate vote on the committee amendment. The inquiry should relate to what the effect of the separate vote would be.

Mr. WAGGONNER. Mr. Speaker, I ask unanimous consent to withdraw the request for a separate vote.

The SPEAKER. The RECORD will note the request, but the vote still will be on the committee amendment.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Mr. McCLURE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. McCLURE. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. McCLURE moves to recommit the bill H.R. 11601 to the Committee on Banking and Currency.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. WIDNALL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 383, nays 4, not voting 44, as follows:

[Roll No. 13]

YEAS—383

Abbitt	Blanton	Casey
Adair	Blatnik	Celler
Adams	Boggs	Chamberlain
Addabbo	Boland	Clancy
Albert	Bolling	Cohelan
Anderson, Ill.	Bolton	Collier
Anderson, Tenn.	Bow	Colmer
	Brademas	Conable
Andrews, Ala.	Brasco	Conte
Andrews, N. Dak.	Bray	Conyers
	Brinkley	Corman
Annunzio	Brock	Cowger
Arends	Brooks	Culver
Ashbrook	Brotzman	Cunningham
Ashley	Brown, Calif.	Curtis
Ashmore	Brown, Mich.	Daddario
Aspinall	Brown, Ohio	Daniels
Ayres	Broyhill, N.C.	Davis, Ga.
Baring	Broyhill, Va.	Davis, Wis.
Barrett	Buchanan	de la Garza
Bates	Burke, Fla.	Delaney
Battin	Burke, Mass.	Dellenback
Belcher	Burton, Calif	Denney
Bell	Burton, Utah	Dent
Bennett	Bush	Derwinski
Berry	Button	Devine
Betts	Byrne, Pa.	Dickinson
Bevill	Byrnes, Wis.	Diggs
Biester	Cahill	Dingell
Bingham	Carey	Dole
Blackburn	Carter	Donohue
Dorn	Karth	Reinecke
Dow	Kastenmeier	Resnick
Dowdy	Kazen	Reuss
Downing	Kee	Rhodes, Pa.
Dulski	Keith	Riegle
Duncan	Kelly	Rivers
Dwyer	King, N.Y.	Roberts
Eckhardt	Kirwan	Rodino
Edmondson	Kleppe	Rogers, Colo.
Edwards, Ala.	Kluczynski	Rogers, Fla.
Edwards, Calif.	Kornegay	Ronan
Edwards, La.	Kuykendall	Rooney, N.Y.
Ellberg	Kyl	Rooney, Pa.
Esch	Kyros	Rostenkowski
Eshleman	Landrum	Roth
Evans, Colo.	Langen	Roudebush
Everett	Latta	Roush
Evins, Tenn.	Leggett	Roybal
Fallon	Lennon	Ruppe
Farbstein	Lloyd	Ryan
Fascell	Long, La.	St Germain
Feighan	Lukens	Sandman
Findley	McCarthy	Satterfield
Fino	McCloskey	Saylor
Fisher	McCulloch	Schadeberg
Flood	McDade	Scherle
Flynt	McDonald, Mich.	Scheuer
Foley		Schneebeli
Ford, Gerald R.	McEwen	Schweiker
Ford, William D.	McMillan	Schwengel
	MacGregor	Scott
Fraser	Machen	Selden
Frelinghuysen	Madden	Shipley
Friedel	Mahon	Sikes
Fulton, Pa.	Mailliard	Sisk
Fulton, Tenn.	Marsh	Skubitz
Fuqua	Martin	Slack
Galifianakis	Mathias, Calif.	Smith, Calif.
Gallagher	Mathias, Md.	Smith, N.Y.
Gardner	Matsunaga	Smith, Okla.
Garmatz	May	Snyder
Gathings	Mayne	Springer
Gettys	Meeds	Stafford
Gilbert	Meskill	Staggers
Gonzalez	Michel	Stanton
Goodell	Miller, Calif.	Steed
Goodling	Miller, Ohio	Steiger, Ariz.
Gray	Minish	Steiger, Wis.
Green, Oreg.	Minshall	Stratton
Green, Pa.	Mize	Stubblefield
Griffiths	Moore	Stuckey
Gross	Moorhead	Sullivan
Grover	Morgan	Taylor
Gubser	Morris, N. Mex.	Teague, Calif.
Gude	Morse, Mass.	Teague, Tex.
Hagan	Morton	Tenzer
Haley	Mosher	Thompson, Ga.
Hall	Murphy, Ill.	Thompson, N.J.
Halpern	Murphy, N.Y.	Thomson, Wis.
Hamilton	Myers	Tiernan
Hammer-schmidt	Natcher	Tuck
	Nedzi	Tunney
Hanley	Nelsen	Udall
Hanna	Nichols	Ullman
Hansen, Idaho	Nix	Utt
Hardy	O'Hara, Ill.	Van Deerlin
Harrison	O'Hara, Mich.	Vander Jagt
Harsha	O'Konski	Vanik
Harvey	Olsen	Vigorito
Hathaway	O'Neal, Ga.	Waggonner
Hawkins	O'Neill, Mass.	Waldie
Hays	Ottinger	Walker
Hébert	Patman	Wampler
Hechler, W. Va.	Patten	Watkins
Heckler, Mass.	Pelly	Watson
Helstoski	Pepper	Watts
Henderson	Perkins	Whalley
Herlong	Pettis	White
Hicks	Philbin	Whitener
Holifield	Pickle	Whitten
Holland	Pike	Widnall
Horton	Pirnie	Wiggins
Hosmer	Poage	Williams, Pa.
Howard	Poff	Willis
Hull	Pollock	Wilson, Bob
Hungate	Pool	Winn
Hunt	Price, Ill.	Wolff
Hutchinson	Price, Tex.	Wright
Ichord	Pucinski	Wyatt
Irwin	Purcell	Wydler
Jacobs	Quie	Wylie
Jarman	Quillen	Wyman
Joelson	Railsback	Yates
Johnson, Calif.	Randall	Young
Johnson, Pa.	Rarick	Zablocki
Jonas	Rees	Zion
Jones, Ala.	Reid, Ill.	Zwach
Jones, Mo.	Reid, N.Y.	
Jones, N.C.	Reifel	

NAYS—4

Abernethy	Montgomery	Stephens
McClure		

NOT VOTING—44

Broomfield	Burleson	Cabell
Cederberg	Hansen, Wash.	Passman
Clark	Karsten	Pryor
Clausen, Don H.	King, Calif.	Rhodes, Ariz.
	Kupferman	Robison
Clawson, Del	Laird	Rosenthal
Cleveland	Lipscomb	Rumsfeld
Corbett	Long, Md.	St. Onge
Cramer	McClory	Shriver
Dawson	McFall	Smith, Iowa
Erlenborn	Macdonald, Mass.	Taft
Fountain		Talcott
Giaimo	Mills	Whalen
Gibbons	Mink	Wilson, Charles H.
Gurney	Monagan	
Halleck	Moss	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Mills with Mr. Broomfield.
Mrs. Mink with Mr. Cederberg.
Mr. Gibbons with Mr. Laird.
Mr. Monagan with Mr. Rhodes of Arizona.
Mr. Fountain with Mr. Cramer.
Mr. Pryor with Mr. Talcott.
Mr. St. Onge with Mr. Halleck.
Mr. Moss with Mr. Don H. Clausen.
Mr. Rosenthal with Mr. Lipscomb.
Mr. Karsten with Mr. Robison.
Mr. Passman with Mr. Del Clawson.
Mr. Giaimo with Mr. Gurney.
Mr. McFall with Mr. McClory.
Mr. King of California with Mr. Cleveland.
Mr. Clark with Mr. Shriver.
Mr. Macdonald of Massachusetts with Mr. Taft.
Mr. Long of Maryland with Mr. Kupferman.
Mr. Smith of Iowa with Mr. Erlenborn.
Mrs. Hansen of Washington with Mr. Whalen.
Mr. Charles H. Wilson with Mr. Corbett.

Mr. McMILLAN changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. PRICE of Illinois). Pursuant to House Resolution 1043, the Committee on Banking and Currency is discharged from the further consideration of the bill (S. 5).

MOTION OFFERED BY MR. PATMAN

Mr. PATMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Motion offered by Mr. PATMAN: Strike out all after the enacting clause of S. 5 and insert the provisions of the bill, H.R. 11601, as passed, as follows:

SECTION 1. This Act may be cited as the "Consumer Credit Protection Act".

TITLE I—CREDIT TRANSACTIONS

SEC. 101. (a) The Federal Reserve Act is amended by striking the first sentence and fnserting:

"TITLE I—THE FEDERAL RESERVE SYSTEM

"SECTION 1. SHORT TITLE AND DEFINITIONS

"This title may be cited as the Federal Reserve Act."

(b) Title I of the Federal Reserve Act is amended by changing "Act", wherever that word is used with reference to title I of the Federal Reserve Act (as so designated by subsection (a) of this section) to read "title".

(c) The Federal Reserve Act is amended by adding at the end:

"TITLE II—CREDIT TRANSACTIONS

"DECLARATION OF PURPOSE

"SEC. 201. The Congress finds that economic stabilization would be enhanced and that competition among the various financial institutions and other firms engaged in the extension of consumer credit would be strengthened by the informed use of credit. The informed use of credit results from an

awareness of the cost thereof by consumers. It is the purpose of this title to assure a meaningful disclosure of credit terms so that the consumer will be able to compare more readily the various credit terms available to him and avoid the uninformed use of credit.

"DEFINITIONS

"SEC. 202. For the purposes of this title,

"(a) 'Board' means the Board of Governors of the Federal Reserve System.

"(b) 'credit' means the right granted by a creditor to a person other than an organization to defer payment of debt or to incur debt and defer its payment, where the debt is contracted by the obligor primarily for personal, family, household, or agricultural purposes. The term does not include any contract in the form of a bailment or lease except to the extent specifically included within the term 'consumer credit sale'.

"(c) 'consumer credit sale' means a transaction in which credit is granted by a seller in connection with the sale of goods or services, if such seller regularly engages in credit transactions as a seller, and such goods or services are purchased primarily for a personal, family, household, or agricultural purpose. The term does not include any contract in the form of a bailment or lease unless the obligor contracts to pay as compensation for use a sum substantially equivalent to or in excess of the value of the goods or services involved, and unless it is agreed that the obligor is bound to become, or for no other or a merely nominal consideration has the option of becoming, the owner of the goods upon full compliance with the provisions of the contract.

"(d) 'finance charge' means the sum of all the mandatory charges imposed directly or indirectly by a creditor, and payable directly or indirectly by an obligor, as an incident to the extension of credit, including loan fees, service and carrying charges, discounts, interest, time price differentials, investigators' fees, costs of any guarantee or insurance protecting the creditor against the obligor's default or other credit loss, and any amount payable under a point, discount, or other system of additional charges, except that

"(1) if itemized and disclosed under section 203, the term 'finance charge' does not include amounts collected by a creditor, or included in the credit, for

"(A) fees and charges prescribed by law which actually are or will be paid to public officials for determining the existence of or for perfecting or releasing or satisfying any security related to a credit transaction, or the premium, not in excess of those fees and charges, payable for any insurance in lieu of perfecting the security; or

"(B) taxes; and

"(2) where credit is secured in whole or in part by an interest in real property, the term does not include, in addition to the duly itemized and disclosed costs referred to in clauses (A) and (B) of paragraph (1), the costs of

"(A) title examination, title insurance, or corresponding procedures;

"(B) preparation of the deed, settlement statement, or other documents;

"(C) escrows for future payments of taxes and insurance;

"(D) notarizing the deed and other documents;

"(E) appraisal fees; or

"(F) credit reports.

"(e) 'creditor' means any individual, or any partnership, corporation, association, cooperative, or other entity, including the United States or any agency or instrumentality thereof, or any other government or political subdivision or agency or instrumentality thereof, if such individual or entity regularly engages in credit transactions, whether in connection with the sale of goods and services or otherwise, and extends, or arranges for the extension of, credit for which the payment of a finance charge is required.

"(f)(1) 'annual percentage rate' means, for the purposes of sections 203(b), 203(c), and 203(d), the nominal annual rate determined by the actuarial method (United States rule).

"(2) The Board may prescribe methods other than the actuarial method, if the Board determines that the use of such other methods will materially simplify computation while retaining reasonable accuracy as compared with the rate determined under the actuarial method.

"(3) For the purposes of section 203(d), the term 'equivalent annual percentage rate' means the rate or rates computed by multiplying the rate or rates used to compute the finance charge for any period by the number of periods in a year.

"(4) Where a creditor imposes the same finance charge for all balances within a specified range, the annual percentage rate or equivalent annual percentage rate shall be computed on the median balance within the range for the purposes of sections 203(b), 203(c), and 203(d).

"(g) 'open end credit plan' means a plan prescribing the terms of credit transactions which may be made thereunder from time to time and under the terms of which a finance charge may be computed on the outstanding unpaid balance from time to time thereunder.

"(h) 'installment open end credit plan' means an open end credit plan which has one or more of the following characteristics: (1) creates a security interest in, or provides for a lien on, or retention of title to, any property (whether real or personal, tangible or intangible), (2) provides for a repayment schedule pursuant to which less than 60 per centum of the unpaid balance at any time outstanding under the plan is required to be paid within twelve months, or (3) provides that amounts in excess of required payments under the repayment schedule are applied to future payments in the order of their respective due dates.

"(i) 'organization' means a corporation, government or governmental subdivision or agency, business or other trust, estate, partnership, or association.

"(j) 'State' means any State, the Commonwealth of Puerto Rico, or the District of Columbia.

"DISCLOSURE OF FINANCE CHARGES; ADVERTISING

"SEC. 203. (a) Each creditor shall furnish to each person to whom credit is extended and upon whom a finance charge is or may be imposed the information required by this section, in accordance with regulations prescribed by the Board.

"(b) This subsection applies to consumer credit sales other than sales under an open end credit plan. For each such sale the creditor shall disclose, to the extent applicable,

"(1) the cash price of the property or service purchased;

"(2) the sum of any amounts credited as downpayment (including any trade-in);

"(3) the difference between the amounts set forth in paragraphs (1) and (2);

"(4) all other charges, individually itemized, which are included in the amount of the credit extended but which are not part of the finance charge;

"(5) the total amount to be financed (the sum of the amounts disclosed under (3) and (4) above);

"(6) the amount of the finance charge (such charge, or a portion of such charge, may be designated as a time-price differential or as a similar term to the extent applicable);

"(7) the finance charge expressed as an annual percentage rate;

"(8) the number, amount, and due dates or periods of payments scheduled to repay the indebtedness;

"(9) the default, delinquency, or similar charges payable in the event of late payments; and

"(10) a description of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, and a clear identification of the property to which the security interest relates.

Except as otherwise hereinafter provided, the disclosure required by this subsection shall be made before the credit is extended. Compliance may be attained by disclosing such information in the contract or other evidence of indebtedness to be signed by the obligor. Where a seller receives a purchase order by mail or telephone without personal solicitation by a representative of the seller and the cash price and deferred payment price and the terms of financing, including the annual percentage rate, are set forth in the seller's catalog or other printed material distributed to the public, the disclosure shall be made on or before the date the first payment is due. Where a creditor mails or otherwise transmits monthly or other periodic bills or statements in connection with any sale to which this subsection is applicable, each such bill or statement shall set forth, to the extent applicable, the items described in subsection (d)(3) of this section, except that if the credit is extended for a period of five years or more, the items described in subsection (d)(3) need not be set forth more than once in each calendar year. If a credit sale is one of a series of credit sale transactions made pursuant to an agreement providing for the addition of the deferred payment price of that sale to an existing outstanding balance, and the person to whom the credit is extended has approved in writing both the annual percentage rate or rates and the method of computing the finance charge or charges, and the creditor retains no security interest in any goods sold as to which he has received payments aggregating the amount of the sales price including any finance charges attributable thereto, then the disclosure required by this subsection for the particular sale shall be made on or before the date the first payment for that sale is due.

"(c) This subsection applies to extensions of credit other than consumer credit sales or transactions under an open end credit plan. Any creditor making a loan or otherwise extending credit under this subsection shall disclose, to the extent applicable:

"(1) the amount of credit of which the obligor will have the actual use, or which is or will be paid to him or for his account or to another person on his behalf;

"(2) all charges, individually itemized, which are included in the amount of the credit extended but which are not part of the finance charge;

"(3) the total amount to be financed (the sum of items (1) and (2) above);

"(4) the amount of the finance charge;

"(5) the finance charge expressed as an annual percentage rate;

"(6) the number, amount, and due dates or periods of payments scheduled to repay the indebtedness;

"(7) the default, delinquency, or similar charges payable in the event of late payments; and

"(8) a description of any security interest held or to be retained or acquired by the creditor in connection with the extension of credit, and a clear identification of the property to which the security interest relates.

Except as otherwise hereinafter provided, the disclosure required by this subsection shall be made before the credit is extended. Compliance may be attained by disclosing such information in the note or other evidence of indebtedness to be signed by the obligor. Where a creditor receives a request for an extension of credit by mail or telephone without personal solicitation by a representative of the creditor and the terms of financing, including the annual percentage

rate for representative amounts of credit, are set forth in the creditor's printed material distributed to the public, or in the contract of loan or other printed material delivered to the obligor, the disclosure shall be made on or before the date the first payment is due. Where a creditor mails or otherwise transmits monthly or other periodic bills or statements in connection with any extension of credit to which this subsection is applicable, each such bill or statement shall set forth, to the extent applicable, the items described in subsection (d)(3) of this section, except that if such credit is extended for a period of five years or more, the items described in subsection (d)(3) need not be set forth more than once in each calendar year.

"(d)(1) This subsection applies to open end credit plans.

"(2) Before opening any account under an open end credit plan, the creditor shall, to the extent applicable, disclose to the person to whom credit is to be extended—

"(A) the conditions under which a finance charge may be imposed, including the time period, if any, within which any credit extended may be repaid without incurring a finance charge;

"(B) the method of determining the balance upon which a finance charge will be imposed;

"(C) the method of determining the amount of the finance charge (including any minimum or fixed amount imposed as a finance charge), the annual percentage rate of the finance charge to be imposed, if any, and, in the case of an installment open end credit plan, the equivalent annual percentage rate;

"(D) the conditions under which any other charges may be imposed, and the method by which they will be determined; and

"(E) the conditions under which the creditor may retain or acquire any security interest in any property to secure the payment of any credit extended under the plan, and a description of the interest or interests which may be so retained or acquired.

"(3) For each billing cycle at the end of which there is an outstanding balance under any such account, the creditor shall disclose, to the extent applicable,

"(A) the outstanding balance in the account at the beginning of the billing period;

"(B) the amount and date of each extension of credit during the period and, if a purchase was involved, a brief identification (unless previously furnished) of the goods or services purchased;

"(C) the total amount credited to the account during the period;

"(D) the amount of any finance charge added to the account during the period, itemized to show the amount, if any, due to the application of a percentage rate and the amount, if any, imposed as a minimum or fixed charge;

"(E) the finance charge expressed as an annual percentage rate;

"(F) the balance on which the finance charge was computed and a statement of how the balance was determined. If such a balance is determined without first deducting all payments during the period, that fact and the amount of such payments shall also be disclosed;

"(G) the outstanding balance in the account at the end of the period; and

"(H) the date by which, or the period (if any) within which, payment must be made to avoid additional finance charges.

"(4) If a creditor adds to this billing under an open end credit plan one or more installments of other indebtedness from the same obligor, the creditor is not required to disclose under this subsection any information which has been disclosed previously in compliance with subsection (b) or (c).

"(5) Any creditor under an open end credit transaction shall furnish any party to the transaction with a written estimate of the approximate annual percentage rate of the finance charge on the transaction determined in accordance with regulations issued by the Board, if the party making the request specifies or identifies the repayments schedule involved and such other essential credit terms as may be prescribed in the regulations issued by the Board.

"(e) In the case of any extension of credit in connection with which a security interest is to be retained or acquired in any property which is used or is expected to be used as a residence by the person to whom credit is extended, the disclosures required under this title shall be made at least three days before the transaction is consummated or before any agreement to consummate the transaction is entered into by the party to whom the credit is extended, whichever is earlier. The Board may, if it finds that such action is necessary in order to permit homeowners to meet bona fide personal financial emergencies, prescribe regulations authorizing the modification or waiver of this requirement to the extent and under the circumstances set forth in such regulations.

Notwithstanding any other provision of this Act, written acknowledgement of receipt by a person to whom a statement is required to be given pursuant to this paragraph shall provide only a rebuttable presumption of proof of delivery thereof.

"(e) Written acknowledgment of receipt by a person to whom a statement is required to be given pursuant to this section shall be conclusive proof of the delivery thereof and, unless the violation is apparent on the face of the statement, of compliance with this section in any action or proceeding by or against an assignee of the original creditor without knowledge to the contrary by such assignee when he acquires the obligation, unless the assignee, its subsidiaries, or affiliates, are in a continuing business relationship with the original creditor. Such acknowledgment shall not affect the rights of the obligor in any action against the original creditor.

"(f) If there is more than one obligor, a creditor may furnish a statement of required information to only one of them. Required information need not be given in the sequence or order set forth in this section. Additional information or explanations may be included. So long as it conveys substantially the same meaning, a creditor may use language or terminology in any required statement different from that prescribed by this title.

"(g) If applicable State law requires disclosure of items of information substantially similar to those required by this title, then a creditor who complies with such State law may comply with this title by disclosing only the additional items of information required by this title.

"(h) If information disclosed in accordance with this section and any regulations prescribed by the Board is subsequently rendered inaccurate as the result of a prepayment, late payment, adjustment, or amendment of the credit agreement through mutual consent of the parties or as permitted by law, or as the result of any act or occurrence subsequent to the delivery of the required disclosures, the inaccuracy resulting therefrom shall not constitute a violation of this section.

"(i) If a creditor, in order to aid, promote, or assist directly or indirectly, any consumer credit sale, loan, or other extension of credit subject to the provisions of this section, other than an open end credit plan, states or otherwise represents in any advertisement

"(1) the rate of the finance charge, the advertisement shall state the rate of the finance charge expressed as an annual percentage rate; or

"(2) the amount of an installment payment or the dollar amount of finance charge, the advertisement shall state:

"(A) the cash price or the amount of the loan, as applicable;

"(B) the downpayment, if any;

"(C) the number, amount, and due dates or period of payments scheduled to repay the indebtedness if such credit were extended; and

"(D) the rate of the finance charge expressed as an annual percentage rate.

The provisions of this subsection shall not apply to advertisements of residential real estate except to the extent that the Board may by regulation require.

"(j) No creditor, in order to aid, promote, or assist, directly or indirectly, the extension of credit under an open end credit plan may state or otherwise represent in any advertisement any of the specific terms of that plan unless the advertisement clearly and conspicuously sets forth

"(1) the conditions under which a finance charge may be imposed, including the time period, if any, within which any credit extended may be repaid without incurring a finance charge;

"(2) the method of determining the balance upon which a finance charge will be imposed;

"(3) the method of determining the amount of the finance charge (including any minimum or fixed amount imposed as a finance charge), and the annual percentage rate; and

"(4) the conditions under which any other charges may be imposed, and the method by which they will be determined.

"(k) No creditor may state or otherwise represent in any advertisement

"(1) that a specified periodic credit amount or installment amount can be arranged, unless the creditor usually and customarily arranges credit payments or installments for that period and in that amount; or

"(2) that a specified downpayment is required, unless the creditor usually and customarily arranges downpayments in that amount.

"(l) For the purposes of subsections (i), (j), and (k), a catalog or other multiple-page advertisement shall be considered a single advertisement if the catalog or other multiple-page advertisement clearly and conspicuously displays a credit terms table on which the information required to be stated by subsections (i), (j), and (k) is clearly set forth.

"(m) The prohibitions and requirements of subsections (i), (j), (k), and (l) of this section shall apply only to a creditor or his agent directly or indirectly causing the publication or dissemination of an advertisement and not to the owner, employees, or distributors of the medium in which the advertisement appears or through which it is disseminated.

"(n) The provisions of this section shall not apply to

"(1) credit transactions involving extensions of credit for business or commercial purposes, or to governments or governmental agencies or instrumentalities, or to organizations;

"(2) transactions in securities or commodities in accounts by a broker-dealer registered with the Securities and Exchange Commission; or

"(3) credit transactions, other than real property transactions, in which the total amount to be financed exceeds $25,000.

"REGULATIONS

"SEC. 204. (a) The Board shall prescribe regulations to carry out section 203, including provisions:

"(1) describing the methods which may be used in determining annual percentage rates under section 203, including, but not limited to, the use of any rules, charts, tables, or devices by creditors to convert to an annual percentage rate any add-on, dis-

count, or other method of computing a finance charge;

"(2) prescribing procedures to insure that the information required to be disclosed under section 203 is set forth clearly and conspicuously; and

"(3) prescribing reasonable tolerances of accuracy with respect to disclosing information under section 203.

"(b) In prescribing regulations with respect to reasonable tolerances of accuracy as required by subsection (a)(3), the Board shall observe the following limitations:

"(1) The annual percentage rate may be rounded to the nearest quarter of 1 per centum for credit transactions payable in substantially equal installments when a creditor determines the total finance charge on the basis of a single add-on, discount, periodic, or other rate, and such rates are converted into an annual percentage rate under procedures prescribed by the Board.

"(2) The use of rate tables or charts may be authorized in cases where the total finance charge is determined in a manner other than that specified in paragraph (1). Such tables or charts may provide for the disclosure of annual percentage rates which vary up to 8 per centum of the rate as defined by section 202(f). However, any creditor who willfully and knowingly uses such tables or charts in such a manner so as to consistently understate the annual percentage rate, as defined by section 202(f), shall be liable for criminal penalties under section 206(b) of this title.

"(3) In the case of creditors determining the annual percentage rate in a manner other than as described in paragraph (1) or (2), the Board may authorize other reasonable tolerances.

"(4) In order to simplify compliance where irregular payments are involved, the Board may authorize tolerances greater than those specified in paragraph (2).

"(c) Any regulation prescribed under this section may contain such classifications and differentiations and may provide for such adjustments and exceptions for any class of transactions as in the judgment of the Board are necessary or proper to effectuate the purposes of section 203 or to prevent circumvention or evasion of, or to facilitate compliance by creditors with, section 203 or any regulation issued under this section. In prescribing exceptions, the Board may consider, among other things, whether any class of transactions is subject to any State law or regulation which requires disclosures substantially similar to those required by section 203.

"(d) In the exercise of its powers under this title, the Board may request the views of other Federal agencies which in its judgment exercise regulatory functions with respect to any class of creditors, and such agencies shall furnish such views upon request of the Board.

"(e) The Board shall establish an advisory committee, to advise and consult with it in the exercise of its functions with respect to section 203 and this section. In appointing the members of the committee, the Board shall seek to achieve a fair representation of the interests of sellers of merchandise on credit, lenders, and the public. The committee shall meet from time to time at the call of the Board, and members thereof shall be paid transportation expenses and not to exceed $100 per diem.

"EFFECT ON STATE LAWS

"SEC. 205. (a) This title shall not be construed to annul, alter or affect, or to exempt any creditor from complying with, the laws of any State relating to the disclosure of information in connection with credit transactions, except to the extent that such laws are inconsistent with the provisions of this title, or regulations issued thereunder, and then only to the extent of the inconsistency. This title shall not otherwise be construed to annul, alter or affect in any manner, the meaning, scope or applicability of the laws of any State, including, but not limited to, laws relating to the types, amounts or rates of charges, or any element or elements of charges, permissible under such laws in connection with the extension or use of credit, nor to extend the applicability of such laws to any class of persons or transactions to which such laws would not otherwise apply, nor shall the disclosure of the annual percentage rate in connection with any consumer credit sale as required by this title be evidence in any action or proceeding that such sale was a loan or any transaction other than a credit sale.

"(b) The Board shall by regulation exempt from the requirements of section 203 any class of credit transactions which it determines are subject to State law or regulation substantially similar to the requirements under that section, with adequate provision for enforcement.

"(c) Except as specified in section 206, section 203 and the regulations issued thereunder do not affect the validity or enforcibility of any contract or obligation under State or Federal law.

"CIVIL AND CRIMINAL PENALTIES

"SEC. 206. (a)(1) Any creditor who, in connection with any credit transaction, knowingly fails in violation of section 203 (except sections 203(i), 203(j), and 203(k)), or any regulation issued thereunder, to disclose any information to any person to whom such information is required to be given shall be liable to such person in the amount of $100, or in any amount equal to twice the finance charge required by such creditor in connection with such transaction, whichever is the greater, except that such liability shall not exceed $1,000 on any credit transaction. Any action which may be brought under this subsection against the original creditor in any credit transaction involving a security interest in real property may be maintained against any assignee of the original creditor where such assignee, its subsidiaries, or affiliates were in a continuing business relationship with the original creditor either at the time the credit was extended or at the time of the assignment, unless the assignment was involuntary, or the assignee shows by a preponderance of evidence that it had no knowledge of any reasonable likelihood of violation by the original creditor and that it maintained procedures reasonably adapted to apprise it of the existence of any such violations.

"(2) In any action brought under this subsection in which it is shown that the creditor disclosed a percentage rate or amount less than that required to be disclosed by section 203 or regulations prescribed by the Board (after taking into account permissible tolerances), or failed to disclose information so required, there shall be a rebuttable presumption that such violation was made knowingly. The presumption is rebutted if the creditor shows by a preponderance of evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid any such error. A creditor has no liability under this subsection if within fifteen days after discovering the error, and prior to the institution of an action hereunder or the receipt of written notice of the error, the creditor notifies the person concerned of the error and makes whatever adjustments in the appropriate account as are necessary to insure that the person will not be required to pay a finance charge in excess of the amount or percentage rate so disclosed.

"(3) Any action under this subsection may be brought in any United States district court, or in any other court of competent jurisdiction, within one year from the date of the occurrence of the violation. In any such action in which a person is entitled to recover a penalty as prescribed in paragraph (1), the defendant is also liable for reasonable attorneys' fees and court costs as determined by the court.

"(b) Any person who knowingly and willfully gives false or inaccurate information or fails to provide information required to be disclosed under the provisions of this title or any regulation issued thereunder, or who otherwise knowingly and willfully violates any provision of this title or any regulation issued thereunder, shall be fined not more than $5,000 or imprisoned not more than one year, or both. The Attorney General shall enforce this subsection.

"(c) No punishment or penalty provided for a violation of section 203 or any regulation issued under section 204 applies to the United States, or any agency thereof, or to any State, any political subdivision thereof, or any agency of any State or political subdivision.

"(d) No person is subject to punishment or penalty under this section solely as the result of the disclosure of a finance charge or percentage which is greater than the amount of such charge or percentage required to be disclosed by such person under section 203, or regulations prescribed by the Board.

"ADMINISTRATIVE ENFORCEMENT

"SEC. 207. All of the functions and powers of the Federal Trade Commission are applicable to the administration and enforcement of this title to the same extent as if this title were a part of the Federal Trade Commission Act, and any person violating or threatening to violate any provision of this title or any regulation in implementation of this title is subject to the penalties and entitled to the provisions and immunities provided in the Federal Trade Commission Act, except as follows:

"(1) The exceptions stated in section 5(a)(6) of the Federal Trade Commission Act (15 U.S.C. 45(a)(6)) are not, as such, applicable to this title.

"(2) No bank or thrift institution is subject to the jurisdiction of the Federal Trade Commission or to the provisions of the Federal Trade Commission Act with respect to this title if the bank or institution is subject to section 5(d) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(d)), section 407 of the National Housing Act (12 U.S.C. 1730), or section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818). The Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation) shall enforce this title and regulations in implementation thereof with respect to banks and other institutions under their respective jurisdictions.

"(3) No common carrier subject to the acts to regulate commerce is subject to the jurisdiction of the Federal Trade Commission or to the provisions of the Federal Trade Commission Act with respect to this title. The Interstate Commerce Commission shall enforce this title and regulations in implementation thereof with respect to such carriers.

"(4) No air carrier or foreign air carrier subject to the Federal Aviation Act of 1958 is subject to the Federal Trade Commission or to the provisions of the Federal Trade Commission Act with respect to this title. The Civil Aeronautics Board or the Federal Aviation Administration, as may be appropriate, shall enforce this title and regulations in implementation thereof with respect to any such carrier.

"(5) Except as provided in section 406 of the Act of August 15, 1921 (7 U.S.C. 227)—

"(A) no person, partnership, or corpora-

tion subject to the Packers and Stockyards Act, 1921, is subject to the jurisdiction of the Federal Trade Commission or to the provisions of that Act with respect to this title, and

"(B) the Secretary of Agriculture shall enforce this title and regulations in implementation thereof with respect to persons, partnerships, and corporations subject to the Packers and Stockyards Act, 1921.

"REPORTS

"SEC. 208. Not later than January 3 of each year commencing after the effective date of this title, the Board of Governors of the Federal Reserve System and the Attorney General shall, respectively, make reports to the Congress concerning the administration of their functions under this title, including such recommendations as the Board and the Attorney General, respectively, deem necessary or appropriate. In addition, reports of the Board of Governors of the Federal Reserve System shall include the Board's assessment of the extent to which compliance with the provisions of this title, and regulations prescribed thereunder, is being achieved.

"EFFECTIVE DATE

"SEC. 209. The provisions of this title shall take effect on the first day of the ninth calendar month which begins after the date of enactment of this title, except that section 204 shall take effect immediately."

SEC. 102(a). The Congress makes the following findings:

(1) Organized crime is interstate and international in character.

(2) Organized crime is engaged directly in interstate and foreign commerce, as well as intrastate commerce, in loaning money and other valuable things at excessive rates of interest, often in conjunction with the use of force, violence, and fear. This so-called loan sharking business or organized criminals and other criminals involves billions of dollars each year.

(3) The stability of the Nation's economy is affected by loan sharking activities.

(4) The use of legitimate credit channels would be enhanced by the prevention of loan sharking activities.

(5) The production and flow of goods in the Nation's economy is hindered by the diversion of money into excessive and confiscatory credit payments.

(6) Federal programs designed to aid the poor in the United States are rendered less effective by loan sharking activities.

(7) The diversion of money and assets into organized crime nullifies the purposes and benefits of a free enterprise economy and hinders the operations of Federal statutes and regulations designed to preserve that economy.

(8) In order to protect commerce, benefit the national economy and assure the full effects of Federal programs designed to aid the poor and maintain a free enterprise system, it is the purpose of this Act to prohibit loans at excessive and prohibitive rates of interest.

(9) Loan sharking activities directly impair the effectiveness and frustrate the purposes of the laws enacted by the Congress on the subject of bankruptcies.

(10) Loan sharking activities impair the stability of the national economy and thereby interfere with the regulation of the value of money.

(b)(1) Whoever in any way or degree obstructs, delays, or affects commerce or the movement of any article or commodity in commerce by loan sharking or attempts so to do shall be fined not more than $10,000 or imprisoned not more than five years, or both.

(2)(A) Whoever travels in interstate or foreign commerce or uses any facility in interstate or foreign commerce, including the mail, with the intent to promote, manage, establish, carry on, or facilitate the promotion, management, establishment, or carrying on, of loan sharking, and (B) thereafter performs or attempts to perform any act described in the preceding clause, shall be fined not more than $10,000 or imprisoned for not more than five years, or both.

(3) As used in this section—

(A) the term "loan sharking" means the lending of money at a rate of interest prohibited by the statutes of the State where the loan transaction takes place.

(B) The term "commerce" means commerce within the District of Columbia, or any Territory or possession of the United States; all commerce between any point in a State, Territory, possession, or the District of Columbia and any point outside thereof; all commerce between points within the same State through any place outside such State; and all other commerce over which the United States has jurisdiction.

(4) Whoever knowingly participates in any way in a wrongful use of actual or threatened force, violence, or fear in connection with a loan or forbearance in violation of subsections (1) and (2) of this section, or attempted violation thereof, shall be fined not more than $10,000 or imprisoned not more than twenty-five years, or both.

(5) Whoever knowingly possesses, maintains, or exercises control over any paper, writing, instrument, or other thing used to record any loan or forbearance or any part of such transaction in violation of subsections (1) and (2) of this section shall be fined not more than $5,000 or imprisoned not more than five years, or both.

(C) The provisions of subsection (b) of this section do not apply to any extension of credit by a creditor which is both—

(1) licensed or chartered as a banking or lending institution by the United States or any State, and

(2) regulated and supervised as a banking or lending institution by the United States or any State.

(d) Whenever in the judgment of a United States attorney the testimony of any witness, or the production of books, papers, or other evidence by any witness, in any case or proceeding before any grand jury or court of the United States involving any violation of this Section, or any conspiracy to violate such Section, is necessary to the public interest, such United States attorney, upon the approval of the Attorney General, or his designated representative, shall make application to the court that the witness shall be instructed to testify or produce evidence subject to the provisions of this section, and upon order of the court such witness shall not be excused from testifying or from producing books, papers, or other evidence on the ground that the testimony or evidence required of him may tend to incriminate him or subject him to a penalty or forfeiture. But no such witness shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, nor shall testimony so compelled be used as evidence in any criminal proceeding (except prosecution described in the next sentence) against him in any court. No witness shall be exempt under this section from prosecution for perjury or contempt committed while giving testimony or producing evidence under compulsion as provided in this section.

(e) This Act shall not be construed as indicating an intent on the part of Congress to occupy the field in which this Act operates to the exclusion of a law of any State, territory, Commonwealth, or possession of the United States, and no law of any State, territory, Commonwealth, or possession of the United States, which would be valid in the absence of the Act shall be declared invalid, and no local authorities shall be deprived of any jurisdiction over any offense over which they would have jurisdiction in the absence of this Act.

TITLE II—RESTRICTION OF GARNISHMENT OF WAGES

SEC. 201. The Congress finds that garnishment of wages is frequently an essential element in predatory extensions of credit and that the resulting disruption of employment, production, and consumption constitutes a substantial burden upon interstate commerce.

SEC. 202. (a) Except as provided in subsection (b) of this section, not more than 10 per centum of the excess over $30 per week, or its equivalent for any pay period of a different duration, of any wages, salary, or earnings in the form of commission or bonus as compensation for personal services may be attached, garnished, or subjected to any similar legal or equitable process or order. No court of the United States or of any State may make, execute, or enforce any order or process in violation of this section.

(b) The prohibition contained in subsection (a) of this section does not apply in the case of any debt due—

(1) under the order of any court for the support of any person; or

(2) for any State or Federal tax.

(c) The Secretary of Labor, acting through the Wage and Hour Division of the Department of Labor, shall enforce the provisions of this section.

SEC. 203. (a) No employer may discharge any employee by reason of the fact that, on one occasion, wages or other compensation due the employee for personal services have been subjected to attachment, garnishment, or any similar legal or equitable process.

(b) The Secretary of Labor, acting through the Wage and Hour Division of the Department of Labor, shall enforce the provisions of this section.

(c) Whoever willfully violates subsection (a) of this section shall be fined not more than $1,000, or imprisoned not more than one year, or both.

SEC. 204. This title shall not be construed to annul, alter, or affect, or to exempt any creditor from complying with, the laws of any State relating to the garnishment of wages, salary, or earnings in the form of commission or bonus, as compensation for personal services in connection with credit transactions, where such laws—

(1) prohibit such garnishments or provide for more limited garnishments than are provided for in section 202(a) of this title, or

(2) prohibit the discharge of any employee by reason of the fact that, on any occasion, wages or other compensation due the employee for personal services have been subjected to attachment, garnishment, or any similar legal or equitable process.

TITLE III—COMMISSION ON CONSUMER FINANCE

SEC. 301. ESTABLISHMENT.—There is established a bipartisan National Commission on Consumer Finance (referred to in this title as the "Commission").

SEC. 302. MEMBERSHIP OF THE COMMISSION.—(a) The Commission shall be composed of nine members, of whom—

(1) three are Members of the Senate appointed by the President of the Senate;

(2) three are Members of the House of Representatives appointed by the Speaker of the House of Representatives; and

(3) three are persons not employed in a full-time capacity by the United States appointed by the President, one of whom he shall designate as Chairman.

(b) A vacancy in the Commission does not affect its powers and may be filled in the same manner as the original appointment.

(c) Five members of the Commission constitute a quorum.

SEC. 303. COMPENSATION OF MEMBERS.—(a) Members of Congress who are members of the Commission shall serve without compen-

sation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

(b) Each member of the Commission who is appointed by the President may receive compensation at a rate of $100 for each day he is engaged upon work of the Commission, and shall be reimbursed for travel expenses, including per diem in lieu of subsistence as authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently.

SEC. 304. DUTIES OF THE COMMISSION.—(a) The Commission shall study and appraise the functioning and structure of the consumer finance industry, as well as consumer credit transactions generally. The Commission, in its report and recommendations to the Congress, shall include treatment of the following topics:

(1) The adequacy of existing arrangements to provide consumer credit at reasonable rates.

(2) The adequacy of existing supervisory and regulatory mechanisms to protect the public from unfair practices, and insure the informed use of consumer credit.

(3) The desirability fo Federal chartering of consumer finance companies, or other Federal regulatory measures.

(b) The Commission may make interim reports, and shall make a final report of its findings, recommendations, and conclusions to the President and to the Congress by December 31, 1969.

SEC. 305. POWERS OF THE COMMISSION.—(a) The Commission, or any three members thereof as authorized by the Commission, may conduct hearings anywhere in the United States or otherwise secure data and expressions of opinions pertinent to the study. In connection therewith the Commission is authorized by majority vote—

(1) to require, by special or general orders, corporations, business firms, and individuals to submit in writing such reports and answers to questions as the Commission may prescribe; such submission shall be made within such reasonable period and under oath or otherwise as the Commission may determine;

(2) to administer oaths;

(3) to require by subpena the attendance and testimony of witnesses and the production of all documentary evidence relating to the execution of its duties;

(4) in the case of disobedience to a subpena or order issued under paragraph (a) of this section to invoke the aid of any district court of the United States in requiring compliance with such subpena or order;

(5) in any proceeding or investigation to order testimony to be taken by deposition before any person who is designated by the Commission and has the power to administer oaths, and in such instances to compel testimony and the production of evidence in the same manner as authorized under subparagraphs (3) and (4) above; and

(6) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States.

(b) Any district court of the United States within the jurisdiction of which an inquiry is carried on may, in case of refusal to obey a subpena or order of the Commission issued under paragraph (a) of this section, issue an order requiring compliance therewith; and any failure to obey the order of the court may be punished by the court as a contempt thereof.

(c) The Commission is authorized to require directly from the head of any Federal executive department or independent agency available information deemed useful in the discharge of its duties. All departments and independent agencies of the Government are hereby authorized and directed to cooperate with the Commission and to furnish all information requested by the Commission to the extent permitted by law.

(d) The Commission is authorized to enter into contracts with Federal or State agencies, private firms, institutions, and individuals for the conducting of research or surveys, the preparation of reports, and other activities necessary to the discharge of its duties.

(e) When the Commission finds that publication of any information obtained by it is in the public interest and would not give an unfair competitive advantage to any person, it is authorized to publish such information in the form and manner deemed best adapted for public use, except that data and information which would separately disclose the business transactions of any person, trade secrets, or names of customers shall be held confidential and shall not be disclosed by the Commission or its staff. The Commission shall permit business firms or individuals reasonable access to documents furnished by them for the purpose of obtaining or copying such documents as need may arise.

(f) The Commission is authorized to delegate any of its functions to individual members of the Commission or to designated individuals on its staff and to make such rules and regulations as are necessary for the conduct of its business, except as herein otherwise provided.

SEC. 306. ADMINISTRATIVE ARRANGEMENTS.—(a) The Commission is authorized, without regard to the provisions of title 5, United States Code, relating to appointments in the competitive service or to classification and General Schedule pay rates, to appoint and fix the compensation of an executive director and the executive director, with the approval of the Commission, shall employ and fix the compensation of such additional personnel as may be necessary to carry out the functions of the Commission, but no individual so appointed shall receive compensation in excess of the rate authorized for GS-18 under the General Schedule.

(b) The executive director, with the approval of the Commission, is authorized to obtain services in accordance with the provisions of section 3109 of title 5 of the United States Code, but at rates for individuals not to exceed $100 per diem.

(c) The head of any executive department or independent agency of the Federal Government is authorized to detail, on a reimbursable basis, any of its personnel to assist the Commission in carrying out its work.

(d) Financial and administrative services (including those related to budgeting and accounting, financial reporting, personnel, and procurement) shall be provided the Commission by the General Service Administration, for which payment shall be made in advance, or by reimbursement, from funds of the Commission in such amounts as may be agreed upon by the Chairman of the Commission and the Administrator of General Services. The regulations of the General Services Administration for the collection of indebtedness of personnel resulting from erroneous payments shall apply to the collection of erroneous payments made to or on behalf of a Commission employee, and regulations of said Administrator for the administrative control of funds shall apply to appropriations of the Commission. The Commission shall not be required to prescribe such regulations.

(e) Ninety days after submission of its final report, as provided in section 304(b), the Commission shall cease to exist.

SEC. 307. AUTHORIZATION OF APPROPRIATIONS.—There is hereby authorized to be appropriated such sums not in excess of $1,500,000 as may be necessary to carry out the provisions of this title. Any money appropriated pursuant hereto shall remain available to the Commission until the date of its expiration, as fixed by section 306(e).

TITLE IV—SEVERABILITY

SEC. 401. If any provision of this Act is judicially held to be invalid, that holding does not necessarily affect the validity of any other provision of this Act.

Amend the title so as to read: "An Act to safeguard the consumer in connection with the utilization of credit by requiring full disclosure of the terms and conditions of finance charges in credit transactions or in offers to extend credit; by restricting the garnishment of wages; and by creating the National Commission on Consumer Finance to study and make recommendations on the need for further regulation of the consumer finance industry; and for other purposes."

The motion was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to safeguard the consumer in connection with the utilization of credit by requiring full disclosure of the terms and conditions of finance charges in credit transactions or in offers to extend credit; by restricting the garnishment of wages; and by creating the National Commission on Consumer Finance to study and make recommendations on the need for further regulation of the consumer finance industry; and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 11601) was laid on the table.

AUTHORIZATION TO MAKE CORRECTIONS IN THE HOUSE AMENDMENT TO S. 5

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the Clerk may correct designations of titles and sections and cross-references in the House amendment to the bill of the Senate, S. 5.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

GENERAL LEAVE TO EXTEND

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

LEGISLATIVE PROGRAM FOR THE WEEK OF FEBRUARY 5, 1968

Mr. GERALD R. FORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. GERALD R. FORD. Mr. Speaker, I take this time for the purpose of asking the distinguished Majority Leader, the gentleman from Oklahoma [Mr. ALBERT], the program for the remainder of this week and the program for next week.