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EXECUTIVE
FG169
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January 10, 1973

Dear Mr. Millstein:

The report of the National Commission on Consumer Finance is a comprehensive, thoughtful and, in my opinion, extremely valuable analysis of this important field of national concern, and I want to take this opportunity to express my appreciation to you and your colleagues on the Commission for the very fine job you have done.

As you point out, an informed consumer is essential to the health of our free enterprise system, and you may be assured that the recommendations you have made to assure free and fair competition will be given the careful consideration they clearly merit.

Please convey to the members of the Commission and your fine staff my sincere thanks for their outstanding efforts.

Sincerely,

RICHARD NIXON

Mr. Ira M. Millstein
Chairman
National Commission on
Consumer Finance
1016 16th Street, NW.
Washington, D.C. 20036

RN:RLE:blh

cc: Bob Lewis
L. Engman

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THE WHITE HOUSE

WASHINGTON

January 9, 1973

MEMORANDUM FOR: ROLAND ELLIOTT

FROM: BOB LEWIS RC

SUBJECT: Report of the National Commission on Consumer Finance

I have attached a letter from Ira M. Millstein, Chairman of the National Commission on Consumer Finance, which accompanied the Commission's Final Report. The Report reflects three years of effort, and generally speaking, it is a good product. A Presidential statement (attached) was issued when the Report was made public last week.

The Commission was composed of six members of Congress and three public members. The public members were all appointed by the President.

Although the President has issued a public statement, we believe that a personal response to Millstein's letter is desirable and appropriate. I have attached a suggested draft.

cc: L. Engman

Attachment

DATE: 1/9/73

TO: KJ - Would you please edit the attached draft

R

Roland L. Elliott

NATIONAL COMMISSION ON CONSUMER FINANCE
1016 – 16TH STREET, N.W.
WASHINGTON, D.C. 20036

December 31, 1972

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

The National Commission on Consumer Finance, established by Public Law 90-321, submits herewith its Report which includes the Commission's findings and recommendations in the field of consumer credit. The Commission's studies, enumerated in the Report, contain the empirical data, information and analyses relied upon by the Commission. It is our belief that such data and extensive studies, which we are making available to the public, are as important as the Report itself. They will provide a fresh basis for all concerned with this significant industry to consider its future in an era of increasing public awareness.

As to the Report itself, I believe the Commission was unanimous in concluding that a truly competitive consumer credit market, with adequate disclosure of relevant facts to an informed consuming public, together with legislation and regulation to eliminate excesses, will foster economic growth and serve to optimize benefits to the consumer.

As to excesses in the marketplace, our Report recommends significant additions to the protection of consumers in the fields of creditors' remedies and collection practices. We have urged restrictions on remedies such as garnishment, repossession, and wage assignment. We have recommended abolition of the holder in due course doctrine, confessions of judgment, and harassing tactics in debt collections.

As to adequate disclosure of relevant facts, our Report urges enhanced supervision and enforcement of the Federal Truth in Lending Act. We have also specified actions to make the disclosure features of Truth in Lending more effective and have suggested expanding the coverage of that Act to include disclosure of charges for credit life and accident and health insurance as an annual percentage rate.

We also favored making federally chartered financial institutions subject to state as well as Federal examination for compliance with state laws governing the terms and conditions of consumer credit extensions. In addition, we recommended expanded administrative authority over all classes of creditors.

As to our conclusion that free and fair competition is the ultimate and most effective protector of consumers, we have recommended the elimination of restrictive barriers to entry in consumer credit markets by permitting all creditors open access to all areas of consumer credit. We have urged the entry of savings and loan associations and mutual savings banks into the consumer credit market. We have recommended prohibitions on acquisitions that would eliminate potential competition or that would substantially increase concentration in state or local credit markets. We have also urged that rate ceilings which constrain the development of workably competitive markets be reviewed by those states seeking to increase credit availability at reasonable rates. Some controversy has developed as to whether the Commission approved a specific rate structure including 42 percent on smaller loans. The Commission has never voted for such a rate structure and does not endorse it.

Finally, I would note that the gathering and analyzing of original data, and preparing the Commission's Report have been an arduous task for which I extend special thanks to a devoted and hard-working Commission staff under the leadership of its Director, Robert L. Meade.

Among the many experts who assisted our work, special recognition must be given to Professor Robert P. Shay, of Columbia's Graduate School of Business, who contributed significantly to the design of studies. I also, of course, thank the members of the Commission who have given their time and effort, as well as their knowledge and expertise, to the difficult task with which the Commission was faced.

We hope that our Report and the accompanying data and studies will provide a healthy climate for informed and intelligent discussion and continuing research in this vital area.

We are herewith presenting a proof copy of the Report. A complete Report will be delivered by the Government Printing Office upon publication.

Respectfully,

Ira M. Millstein
Ira M. Millstein
Chairman

FOR IMMEDIATE RELEASE JANUARY 3, 1973

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

Publication today of the final report of the National Commission on Consumer Finance is good news for all Americans.

I welcome this opportunity to express my personal appreciation to the members and staff of the Commission for their painstaking work over the past three years and to assure them that we will give the closest attention to their findings and recommendations.

In reviewing the state of consumer finance, the Commission has been studying something that lies close to the heart of our great free enterprise system. It is the wide availability of consumer credit which permits consumers to finance major purchases out of current income and thus enables our industries to develop and offer many more products than they could otherwise.

What this has added up to, of course, is what we call the American way of life -- the highest standard of living that any society has ever produced.

It is therefore vital to ensure that our consumer finance system continues to provide consumers with adequate credit at reasonable rates. The Commission's detailed research and comprehensive report should help us to determine whether our system is fully adequate for this purpose and how we might strengthen it in the future.

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EXECUTIVE
FG169

THE WHITE HOUSE
WASHINGTON

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TO: Tom Jones

RDL.
Robert D. Linder

R (Final Rept of Commission)
Retained in Records Office

Noted VVG

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The President
The White House
Washington, D. C. 20500

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WASHINGTON

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TO: Craig Gosden
Report submitted to
Pres and to Congress by
the Commission. No action
required by President.

R BOB – Please File.

RDL.
Robert D. Linder

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REPORT OF THE NATIONAL COMMISSION ON
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NO TRANSMITTAL LETTER OR MEMO; LETTER TO
PRESIDENT AND CONGRESS INCLUDED AS PART OF
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