

I would tend to think that on second thought he might not want to make this knowledge available to his competitors.

I hope these comments will be helpful in your consideration of the bill.

With best regards.

Sincerely,

JOSEPH W. BARR.

Mr. HALPERN. With respect to the exemption of small transactions, we have had quite a discussion on that, Mr. Secretary. Do you have any figures on the importance of these transactions relative to the total picture of consumer credit outstanding?

Mr. BARR. We will supply that for the record.

(The information referred to follows:)

Percentage of transactions that would be excluded under the \$10 rule

Neither the Federal Reserve Board nor the Department of Commerce are able to provide statistics on the percentage of installment purchases which fall below \$100 (estimated to be approximately the size purchase for which the finance charge is \$10). Disclosure for a large share of small purchases, of course, is required under the revolving credit provisions of both S. 5 and H.R. 11601.

Mr. HALPERN. Have you considered the possibility that the result of inclusion of small transactions might place such a burden on the lenders that this type of credit will be dispensed with altogether to the detriment of the consumer?

Mr. BARR. We have considered that, Mr. Halpern. As I said there are several priorities you have to consider here. We just decided that this is so important to the consumer that we think it should be disclosed. We also pursued it on the assumption, Mr. Halpern, that even if some of these charges would go to 100 to 150 percent, and some might, we don't believe this would affect the retail sales in the United States. In these small areas you are going to have to charge. You cannot get it on the books for much less than \$10. There is a bookkeeping and accounting cost. I don't think anybody is going to object to it. Everybody is going to be confronted with the same proposition.

Mr. HALPERN. If there are such exemptions, and they are permitted to exist, is it likely that a person making purchases in the department store, or we will say buying a set of furniture, that they would buy the pieces, or the store would sell the pieces to them individually, and, therefore, they would be exempt under the provisions of this bill?

Mr. BARR. That is possible.

Mr. HALPERN. With respect to revolving credit charges, do you think the situation will be accurately resolved if the retailer would be permitted to state the 18 percent as the maximum and supplement this information with a schedule of the lower annual rates that would be paid if prepayment were made before the 12 months following the beginning of credit charges? In other words, do you feel that if, along with disclosure of an annual rate the creditor in the case of revolving credit accounts issued a schedule showing how by early payment the borrower could avoid paying the annual rate of say 18 percent—in the case of charges of 1½ percent a month—that is, if he pays after 60 days he is paying an annual rate of 9 percent, if he pays after 90 days he is paying at the annual rate of 12 percent and so forth, and only 12 months after credit charges begin will he be paying the low of 18 percent?