

Mr. BARR. As I mentioned, Mr. Halpern, we get very confused in this area. It all goes back to when the credit transaction starts. If it starts at the day of the sale you are right, he would be paying 9 percent.

Mr. HALPERN. In other words, you would like to see a schedule stipulating that?

Mr. BARR. On the assumption he would be paying 9 percent. If you assume, as we do, that the credit transaction starts when they say it starts, the annual rate is 18 percent, so you get right back to the basic assumption. The Federal Reserve Board has taken the position—I think that there is merit to it—let the retailer state the assumptions on which he is extending the credit and then state the charge.

Mr. HALPERN. That is my point. Now may I ask Miss Furness:

On page 2 you suggest that one reason for not approving the Senate exemption of revolving credit under the disclosure provisions of this legislation is the extent to which the activity of this type credit source affects the small borrower. Do you apply the same reasoning with the same conclusion to the exemption of credit transactions with finance charges of less than \$10?

Miss FURNESS. Yes, I do. I would like to see all credit or finance charges covered by a requirement for disclosure through the annual percentage rate method. The smaller the transactions get the larger the number of bewildered people you are touching and I care most about the bewildered people.

Mr. HALPERN. In discussing the various problems of credit consumers there is another segment of our consuming population—a vanishing breed—whom we seem to have ignored and that is the cash buyer. One hears of discrimination against cash buyers by salesmen and other representatives of retailing organizations which reap a large portion of their profits from the credit facets of their transactions. Have you run across many complaints of this nature and have you contemplated any remedies in this area?

Miss FURNESS. I have not had such complaints in my office. I have on a personal level. I would suggest that the remedy here would be better consumer education to notify buyers, that there is no earthly reason why they should be talked into a credit purchase if they don't want to make it. But it is not my priority to worry about the people who have all this cash on hand.

Mr. BARR. I haven't had a chance to complain to Miss Furness because this is a subject of great irritation to me. The cash buyer gets no advantage today.

Mrs. SULLIVAN. I want to ask some of the witnesses from the retail industry as they come before us, if the old rule of allowing 90 days for cash is out of style. I still believe if I am buying a large article and pay for it within 90 days, that I am paying cash and should not have to pay credit. But I do not hear them talking about this any more.

Mr. Gonzalez?

Mr. GONZALEZ. Thank you, Madam Chairman. First, I wish Miss Furness well in her appointment as Special Adviser.

I have a couple of questions or comments as well. On page 4 of your testimony you state:

I am aware that garnishment is an expensive, painful procedure which can cost a man his job, disrupt his family, and inconvenience his employer. But there are cases in which it prevents inequities against the creditor, and I do feel, at present,