Mr. BARR. Are you talking about the 18-percent usury limitation? Some retailers might well decide that they can cut their rate down. They will go to 12 percent, 13 percent, 14 percent, whatever their costs would be. I am sure competition will take care of that and I am delighted to let it take care of it. As far as the usury law is concerned, as I indicated, I have strong reservations on any limitation on rates. Let the market determine it.

Mrs. DWYER. Are not most of the abuses though in the field of advertising?

Mr. BARR. I think so. I quite concur. I think that's the strongest part of the bill in this whole area of advertising.

Mrs. DWYER. Not on the monthly statements?

Mr. BARR. Well, if you are going to have advertising, you are going to be advertising these rates, I think. The advertising, to be meaningful, must be standardized. I think that the fellow who is going to advertise a monthly rate has the advantage over the man who is forced to state an annual rate. So I would say that we should come to a standard that is meaningful for all credit purchases, and then let the consumer do his informed shopping.

Mrs. SULLIVAN. There is one other thing that I would like to clear up, Mr. Secretary. I may get twisted in explaining this to you. I want to know why it was necessary to put in the Senate bill the provision that the annual percentage rate does not have to begin until July 1972, and that until then they can use the dollars per hundred on the average unpaid balance. I asked you before if the dollars per hundred on the average unpaid balance is the same thing exactly as the annual percentage rate that they will have to show after 1972, and you say yes, it is.

Mr. BARR. That's right—dollars per hundred per year on the average unpaid balance as in H.R. 11601.

Mrs. SULLIVAN. But still we have this provision in the Senate bill that they have 5 years in which to do this, but are they not doing it already when they use the dollars per hundred on the average unpaid balance?

Mr. BARR. That's correct, the same thing.

Mrs. SULLIVAN. So it does not seem to mean anything in the Senate bill at all, does it?

Mr. BARR. It does not mean anything to us in the Treasury, Madam Chairman. You can hear the testimony of the lenders who will be coming before you and you can be guided by that. To us it means nothing; it is the same thing.

Mrs. SULLIVAN. Is there not a danger of it being misinterpreted?

Mr. BARR. Very probably.

Mrs. SULLIVAN. Before we finish, you have not shown us your table.

Mr. BARR. I'd be delighted to.

Mrs. SULLIVAN. If you can give us an example of how that table would be used.

Mr. BARR. I'd be delighted to.

Mrs. SULLIVAN. And used also on revolving credit charges.

Mr. BARR. Revolving credit charge—revolving credit is very simple. Just whatever monthly rate they establish, multiplied by 12.

Mrs. SULLIVAN. How would the table that you have devised be used?

Mr. BARR. If you turn back to the back of my statement you will find this big table here at the back. You might like to take that off, and if you will turn to example 1 which follows the back of my statement.