

Now, let us assume that we do reach the conclusion that some interest rate should be the maximum. Your theory is that this ceiling can very rapidly become the floor. And I fail to see how the competition can control the interest rate in such a thing as the automobile business, and yet would not have the same control over the department store operation.

Mr. ROBERTSON. I would answer that this way:

If, for example, this committee were to pick a figure, like 42 percent, which is the highest rate that I know of that is authorized in any State for small loans, I am sure that that would never become a universal floor. But if a rate were picked down in the area which is the effective rate today on most of the revolving credit plans, of 1½ percent a month, which does come to 18 percent a year, and that 18 percent were the ceiling, I suspect that you would see a gradual lifting up of other rates as close as they could get to 18 percent, and still get the business.

I cannot tell what actually will happen, what will result. And there may be some inconsistency between the two propositions you stated. But I have a feeling that there could be a tendency, if you get a ceiling that is down low enough, for it to become a floor, and I would hate to see that.

But in any event, quite aside from that, I think that it is unwise for Congress to attempt to set a ceiling which would be in its judgment applicable to the kind of transaction you are thinking of but have it actually apply to all transactions clear across the board in all States of the Union.

Mr. WILLIAMS. This may have some bearing on this point.

We have been talking here about full disclosure of interest rates. We have been talking here today as to having a statement on your monthly bill, 1½ percent, for instance, on the unpaid balance.

But isn't it time to educate the public, to do the greatest amount of good for the public—isn't that time before the actual contract is signed?

Now, we have had some talk here today about the stores including in their ads the interest rate that they are going to charge on these revolving charge accounts. And of course we all know that more and more stores are turning to these revolving charge accounts—whereas many many years ago they were virtually unknown—not too many years ago.

Now, if these interest charges were disclosed in advance to educate the public at the time it is going to do them the most good, before they actually sign the contract, wouldn't this stimulate the competition among the stores to offer the lowest interest rate possible, along with the lowest price possible?

Mr. ROBERTSON. I would think so.

Mr. WILLIAMS. And this might, then, prevent the ceiling from becoming a floor?

Mr. ROBERTSON. Might very well.

Mr. WILLIAMS. Thank you, Madam Chairman.

Mrs. SULLIVAN. Thank you.

Wouldn't it have been a lot easier for all of these department stores if they had assessed their credit charges in a little different way? I have no time for the people who are going to buy and buy and buy,