(4) A monthly rate for revolving credit gives department stores an unfair competitive advantage over small stores which cannot afford revolving credit and which, therefore, must disclose an annual rate. A furniture store might be required to quote 14 percent a year on its installment contracts, while a large department store down the street, selling the same furniture, could quote 1½ percent a month. The furniture dealer's credit sounds higher, but it is actually cheaper.

(5) The distinction between ordinary revolving credit and installment-type revolving credit is essentially arbitrary and gives some revolving credit plans an unfair competitive advantage over other revolving credit plans. For example, Sears can quote 1½ percent a month, but Mongomery Ward must quote 18 percent a year. So must Spiegels.

(6) There are no valid reasons why an annual rate cannot be disclosed. It requires no extra computation or bookkeeping on the part of the store. Monthly statements would simply have 18 percent per year printed on them as well as 1½ percent per month.

(7) The claim that 18 percent a year is inaccurate is not true from the viewpoint of the consumer. The consumer must make up his mind to incur or avoid the service charge, not when he makes the purchase, but 30 to 60 days thereafter when the service charge is about to begin. This is the relevant decision time for the consumer to compare credit alternatives. When the rate is measured from this point in time, it will always work out to be 18 percent. This is the most meaningful rate for the consumer. If he can borrow elsewhere for less than 18 percent, it might pay him to do so and discharge his debt to the store.

(8) The Massachusetts truth-in-lending law requires the annual rate on all revolving credit. There have been no difficulties. The credit manager of a Massachusetts store testified his firm had absolutely no trouble with disclosing the annual rate on revolving credit and believed such disclosure to be fair and accurate.

(9) Other knowledgeable groups support the annual rate disclosure for all revolving credit including the influential National Conference of Commissioners on Uniform State Laws. They have been working on a State consumer credit code for 3 years and have recommended S. 5 be amended to repeal the special exemption for revolving credit.

(10) Academic experts support the disclosure of an annual rate for all revolving credit. In fact, the retailers' star witness against the Douglas bill—Prof. Richard Vancil, of the Harvard Business School—has endorsed the revolving credit provisions of the original Proxmire bill. Professor Vancil is a leading expert on the mathematics of finance.

(11) Labor and consumer groups, including the AFL–CIO and the National Consumers League, support the annual rate for all revolving credit.

(12) Revolving credit is one of the fastest growing forms of consumer credit. Some have predicted that 50 percent of consumer credit will be revolving-type credit within 5 years. Thus, the exemption, though small today, could grow into an enormous loophole.

A second improvement in the Sullivan bill is to extend the requirement of truth to the advertisements of credit instead of confining them to the terms of the credit contract. As a matter of fact, advertising is a