

Mr. DESHAZOR. That is a two-part question. I think the \$10 figure is reasonable, to answer that part of it.

The second part of it, we would have absolutely no objection to the kind of prohibition you are referring to. In fact, we think it would be unconscionable to do the sort of thing you refer to.

Mr. HANNA. I wanted to address myself to both of those. I think those are the two main questions. The other questions I have for other witnesses.

Mr. STEPHENS. I have one question, Madam Chairman; and you need not answer this now, but I would like to have an answer be prepared.

I agree with the statement and the position that you cannot tell at the beginning of the year what rate of interest is going to be charged on this chart. What would be the objection to figuring what you have done here and tell the person who has had an annual account like this how much, percentage-wise, he did pay the prior year? I think you can put a percentage on it that way.

Mr. DESHAZOR. Just one objection.

We carry in our own company some six and a half million in credit accounts. Now, clearly, we could do what you are suggesting. It would be just an enormous expense to do so.

Mr. STEPHENS. I would like for you to give me some of the reasons why that cannot be done.

(The material referred to follows:)

To determine the annual rate in terms of interest at the end of each year for 6½ million individual accounts would require a complete recapitulation of every single transaction for a period of 12 months. This would require the most enormous expenditure of time, effort, and money imaginable.

What is more, we would question the value to the customer of the information derived from this suggestion, since the transactions would all have been made in the past and could not be changed.

We fail to see the value in informing customers, on a blanket basis, that they could have incurred, over a 12 month period, rates from 0% to 540% on their revolving accounts.

Mrs. SULLIVAN. Mr. Halpern?

Mr. HALPERN. Thank you, Madam Chairman.

Very briefly.

Mr. DeShazor, what would be your response to the following suggestion as a solution to the revolving credit bottleneck—instead of being required to state that the annual rate by which revolving account charges are calculated is 18 percent per annum, disclosure would involve a statement of a range of rates which are actually paid, with 18 percent per annum specified as the outer limit or maximum rate which might be imposed on the account if payment is delayed a full 12 months beyond the initial imposition of credit charges?

Mrs. SULLIVAN. We have to get on. They can answer that for the record.

(The material referred to follows:)

We would agree that Mr. Halpern's suggestion is one which deserves careful attention and one which we consider a constructive approach to this difficult question on revolving credit. We also agree that 1½% each month cannot be calculated as 18% per annum.

We would not object to considering appropriate language in the bill so worded to authorize the Federal Reserve Board authority to delineate procedures which would require disclosure in a range of rates which are actually paid. Eighteen