

Mrs. SULLIVAN. Mr. Fino?

Mr. FINO. Mr. Secretary, as I understood your testimony here this morning, you are also opposed to an 18-percent national usury limit as proposed in Mrs. Sullivan's bill?

Secretary TROWBRIDGE. I think that along with the other portions of the nondisclosure part of the bill, those things ought to be looked at more thoroughly, Mr. Fino.

Mr. FINO. The reason is, since most of the revolving charge accounts are using 11½ percent per month at this time which could not reach the 18-percent limit, there is a fear that requiring annualizing it to 18 percent might encourage businessmen to use that 18-percent figure.

Secretary TROWBRIDGE. Either that or it would build in—again I am talking from a personal point of view—it would build in a certain amount of inflexibility in the credit field that I think would put some limitations in certain areas. I can visualize the need for more options on the part of businessmen to engage in various types of business deals than this might imply. I just have a feeling that if you put a ceiling on something then you are limiting the amount of free choice in an area which has a hundred different aspects to it.

Mr. HALPERN. Will the gentleman yield?

Mr. FINO. I yield.

Mr. HALPERN. Would you object if this disclosure involved a statement of the range of rate which actually was paid with the 18 percent specified as the outer or maximum rate—I will ask this again.

Would you object if the disclosure would involve a statement of a range of rates which are actually paid, with 18 percent per year specified as the outer limit or maximum rate which might be imposed on the account if payment is delayed the full 12 months?

Secretary TROWBRIDGE. Even under that condition the 18 percent would be the ceiling, so it would be effectively the same thing. It would be the maximum but there would be a ceiling under that provision.

Mr. FINO. It would encourage the businessman to use that ceiling of 18 percent.

Secretary TROWBRIDGE. Maybe; it might.

Mr. HALPERN. But the customer would be warned in advance that if he delays payments to a full 12 months that is what it could amount to. But it would be made quite clear there would be a range of rates and it would be that much less if he paid it that much sooner.

Mrs. SULLIVAN. Are you talking about the annualization of revolving credit charges of 11½ percent or are you talking about a maximum rate of interest in credit transactions?

Mr. HALPERN. I am talking about the top.

Mr. FINO. Madam Chairman, one observation. I hate to disagree with my distinguished chairman of this very important committee, but just a while ago you cited a number of personal bankruptcies in the United States and from what you said you created an erroneous impression that the credit system in the United States is pretty bad. I do not think that is true. The number of credit losses that have been sustained in the United States I think are infinitesimal in comparison to the credit repayments.

Secretary TROWBRIDGE. We have an economy that lives very strongly on the principle of credit and obviously a lot of our progress has