

way to apprise the consumer for comparison purposes. I prefer to use the word "competitive" purposes because we do hold ourselves out as a competitive society, than to express it in the annual rate, and $1\frac{1}{2}$ times 12 is 18 and it is just that simple to me. No, he may come in here and say to you, "Well, we don't keep our books that way." I have got one of those things that comes to my house and I cannot tell what Sears, Roebuck is charging me. I can't tell whether he adds it at the beginning of the month before I pay him or at the other end. It may be more than 18 percent if you really looked at it real close. I examined it recently and I see that the charge is expressed in dollars so much per month, how would you determine from this what the actual percent is? But for comparison purposes I don't know why they don't want to say "18 percent." That is what it is. It is to me like what the banks always used to say, 6 percent. It was never 6 percent, it was more than that. I don't know what it was—about 11 point something, I think. It was the lawsuits against General Motors that said 6 percent there. It was not 6 percent, 12 percent, something like that. It is like borrowing money and you pay it off at one-half of 1 percent per month. Well, what is that? "What is that in annual interest rate?" you say.

Mr. STEPHENS. You have not had the advantage of seeing the chart. But if you take $1\frac{1}{2}$ percent a month it would arrive at 18 percent. His figures show that it was 11.49 percent based upon that particular customer's charge and the way he paid and what he paid. We have asked for some clarification of that as to where you start calculating the $1\frac{1}{2}$ percent, whether it is the first of the month, the last of the month, or what it is that makes the difference. I would agree, it is a comparison to see what a person is paying—if it says 12 percent, and you can equate those things more readily. But the physical difficulty they allege, the truth in lending is not truth if you say it is 18 percent when you figure out at the end of the year that it is $11\frac{1}{2}$ percent.

Mr. DIXON. I don't know a better title to give the bill than "truth in lending." Like truth in packaging, these are very good titles. I wouldn't want to lose the title for this bill because that is the purpose. But even within this definition, as you say here, you are hearing people say really, this does a little violence to the truth. It is like in States—of course I am sure you have heard this testimony, how States have laws against usurious interest rates and yet it is just quite common for States to allow 3 percent per month and then on top of that add the legal rate on top of that which is 42 percent and then they say, "Now, if you dare to require this you will be talking about 42 percent and we never have that. We ought to have 3, because if we didn't, you would never get the money." In the first place you go in there to get it and you start retiring it, the principal goes with it each month, it is going down and you are usually paying constantly—but for comparison purposes it is high time in my opinion Americans knew what they were paying for money by the fairest and the best method possible. I have followed this legislation since Senator Douglas thought of it and put it in and I have heard this argument over the years usually, the first attack on it was that no one could figure out a sensible way to state it in annual interest. Finally, with the simplified charts Joe Barr brought up here he showed you it wasn't so hard if you really wanted to do it.