

tion of the uniform code. I just hope you give them enough time so they don't have to rush at breakneck speed. Many legislatures don't meet next winter.

Mrs. SULLIVAN. I have one other question before passing to other members for questioning.

Either Dr. Walker or one of his associates may want to answer this: I do not understand your strong support for a provision of the Senate bill which seems to be redundant or meaningless. If dollars per hundred per year on the average unpaid balance means the same thing exactly as an annual percentage rate, what is gained by permitting creditors to use the dollars per hundred term for 5 years before having to express the rate as an annual percentage rate?

Mr. WALKER. What is gained is that there are two different parts of this problem which crop up in testimony all the time, is reference to the figure in S. 5 and in your bill as an interest rate. The Senate committee knows it is not an interest rate. I think you people know it is not an interest rate. It is a finance charge and when you start comparing the finance charge, and the many things in it beside interest, with the usury rates in the States which are normally on a simple interest basis, then we think you can have a great deal of trouble, indeed. This can be avoided by the use of the dollars-per-hundred rate, even though the figures will be the same. In one instance you put a dollar sign in front and in the other instance you put a percent sign in the back but by Congress saying that dollars per year is adequate and full disclosure, which it would be, you are then saying more forcefully that this is not an interest rate for the purpose of State usury laws.

Father McEWEN. Madam Chairman, may I say something at this point?

I listened to Mr. Bingham yesterday and I made a note that I thought he had accurately and succinctly expressed the point of monthly versus annual rates. If, as he said, anyone can express an accurate monthly rate he can also, as Mr. Walker said, by multiplying by 12 produce the accurate annual rate. I fully agree.

There are two points of dissent that I have to take with Mr. Walker's present position. The annual rate is the normal rate for almost every other business transaction.

Mr. WALKER. Interest rate or finance charge?

Father McEWEN. Percentage rates are quoted in almost every other type of financial calculation on an annual rate—savings banks, commercial banks and everyone else quotes to customers annual rates.

Now, while you may be right about the small transaction you dealt with, a monthly rate would make it almost impossible, or very difficult for instant comparison by a customer with other rates quoted annually and these rates quoted monthly. To that extent I don't think it gives full disclosure that we are after. In the revolving credit question that you brought up, I am convinced that the committee's confusion and dispute on this subject comes from including the free period, the free grace periods, in with the period in which an interest rate is charged. I think the simple solution is to say: "After a certain number of free grace days, a charge at the rate of x percent a year will be levied."