might shop around and take the $5 if you would get it. You wouldn't go very far on the bus to find that little bit cheaper. But lo and behold, what happens to the rate? It jumps from 120 percent a year to 132 percent a year. You are going to find a lot of institutions that make these loans on an accommodation basis saying that "We are not going to advertise that we are charging 120 percent a year. We just don't want to do that as reputable financial institions." So where does a person go? To the illegal loan shark and he pays a thousand percent a year.

Mrs. DWYER. Would you make that loan if you had to reveal the high interest rate?

Mr. WALKER. Speaking for a banker who testified with me who is with the biggest bank in the United States, he said he did not think the bank would make the loan. They would not want the unhappiness, the public relations situation of disclosing this tremendously high interest rate and they were losing money at the same time. I think Mr. Bailey might make some comments on this point if he would like.

Mr. BAILEY. I would agree with what Mr. Walker has said in this regard. The cost of making the loan doesn't vary with the dollar amount, and if you attempt to reduce it to an annual interest rate the figures would become astronomical and people pick those things up quickly and start talking about an institution that is charging 120 percent and just don't agree with it.

Mrs. DWYER. Would you not agree insofar as monthly interest rates that 18 percent stamped on the statement is as inaccurate to reflect the interest charge as 1½ percent a month and as confusing to the consumer?

Mr. WALKER. I am not sure I quite understand. Is it as confusing as 1½ percent per month?

Mrs. DWYER. Yes.

Mr. WALKER. I don't think 1½ percent a month is confusing.

Mrs. DWYER. Is not confusing?

Mr. WALKER. It is scary.

Mrs. DWYER. Is one as accurate as the other?

Mr. WALKER. I am not quite sure I know how to answer that. I read earlier testimony and I saw Betty Furness was shocked at the figure 18-percent interest rate which was referred to as a normal revolving credit rate. I am rather surprised, as an economist and a banker of sorts we tend to forget that that does sound like a very high rate. It isn't when you figure the cost of this credit and all the paperwork. I am not being responsive because I don't really quite understand.

Mrs. DWYER. Does not 1½ percent sound low?

Mr. WALKER. Yes.

Mrs. DWYER. As compared to the figure 18-percent annual rate?

Mr. WALKER. Yes, I would agree it does sound low. But it sounds more reasonable to the person—when you get back here—this goes way back in history, you get back to the myth of 6-percent interest. Six percent is the top legal rate of interest in a few cases, such as in mortgage loans. This idea that anything above 6 or 8 percent is an unconscionable rate of interest is simply not true. When you get into the small loan transactions, into the paperwork, you get into revolving credit which is just not credit. This is a convenience operation. This