such as to how to use credit wisely and when to use it. These are the real issues we ought to be spending our time on.

Secondly, I would like to place emphasis on the truth-in-lending aspects of this bill because this is where I have spent most of my professional time outside of the classroom. I might say, in fairness to myself, that I haven't gone into this study of credit because of any special prejudgment. It is only because questions have come up in the classroom and questions have come up elsewhere where people say, "How does this work?"

As a result I have learned how revolving credit doesn't work or does work, and the fact that rates of credit are usually only half right.

I, therefore, have 10 observations to make, and I will skip through them as rapidly as possible.

The first is a rather technical one—demonstrating the mathematics that are involved. I look at credit as saving up after the purchase rather than before the purchase, so as a credit user you are always saving up for money you have spent. Even if you can get money at the same interest rate it costs approximately 20 percent more. So, the poor do actually pay more.

The second point is that in today's market the consumer who wants to know the annual rate on installment credit and asks for it—I repeat, wants to know and asks for it—only gets a figure that is approximately half right. This is the present status of affairs. We have documentation of this; it is in my pamphlet. I have here a master's thesis written by a student summarizing 5 years of quotations. There is no question that when a citizen walks into a financial institution or anyplace dealing with installment credit and asks what is the rate that is being charged in annual percentage rate, he is going to get an answer which is half right. The third point relates to the concern that people might be confused with all of this information. Perhaps they could be told too much.

At the Senate hearings we ran a game which was most successful, I believe. It is given on pages 4 and 7 of this pamphlet, "Truth in Lending." We established the point that as an individual gets more information, more than just the downpayment and number of payments and amount of the payment, but also the cost and the rate—he does two things—one, he changes his decision as to which is the better buy when given pairs of these and, secondly, not only does he change that but he becomes more confident that the last decision he made was the correct one.

So more information, the kind of information which this bill would require to be disclosed will result in more confident credit shopping.

The fourth point relates to the matter of figuring the rate. I would observe first that this is a question which is way out of proportion to its importance. Equally important is the other side of the coin: How does one figure the cost, given the rate? I think that Mr. Barr's testimony has backed off the opponents, the crapehangers who said, "How are you going to figure the rate for the schoolteacher, the farmer, and that sort of creditor with irregular payment needs?" In the pam-