

complaint after complaint from people who have experienced just such a thing as you have described, Mr. Margolius. When they come to me I immediately send them to our circuit attorney and I have had them come back after investigating and say, "Yes, what the people said was true." The people who victimize consumers are often within the law and there isn't anything we can do unless we change the law.

Mr. MARGOLIUS. They are caught like mice in a trap, Mr. Williams, they are. I have hundreds of cases in my files from legal aid attorneys and others.

Mr. WILLIAMS. I will defer this until my time to ask questions.

Mrs. SULLIVAN. Dr. Morse, will you answer my question?

Mr. MORSE. I have just seen the statement from the American Retail Federation.

In the first place they don't quote me completely and I would like to give the conclusion—there is nothing wrong with my figures at all. But they do emphasize, I have emphasized in their query: "How can the customer who pays \$5.44 and the customer who pays \$2.28 both be paying 18 percent?" The fact is neither are and one pays less than half the rate of the other. That is their statement. My statement is, that they are all paying 18 percent on the credit for which they are being charged.

Then, I conclude with what they didn't say—I said thus: "Unless the base is uniformly defined * * *" and this, Madam Chairman, your bill does not do. This bill does not regiment business and I would underscore this. This is what they are asking for.

Mrs. SULLIVAN. To regiment?

Mr. MORSE. Evidently. All your bill is doing is saying, whatever rate you are applying to whatever base you use, you must call it—you must disclose it. If you are using a monthly rate of 11½ percent, it is annualized as 18 percent. The bill says nothing about how to figure that base. If you want to give them a 30-day free ride, 60-day free ride, 90 days, give them days of grace and so forth—adjusted balances, beginning balance, whatever balance. Your bill only asks that these, too, be disclosed.

So I say in my pamphlet: "unless the base is uniformly defined, stores will continue to adjust their billing methods"—and here I imply why they adjust them—"to accommodate their merchandising and accounting methods and customer responses."

I would like to see them asked why these variations prevail today. I think their answers would be, as I suggest, a result of the various patterns—we think our customers like it this way—we merchandise through credit. We have IBM or some other data processing, so we can't do it some other way. They each have their own reasons for variations. The bill could require them to standardize this.

Mrs. SULLIVAN. It does not do that.

Mr. MORSE. It does not. But if the retailers want to press this point even further, then they are going to force a bill which would standardize these procedures. And I hope this doesn't come to pass.

Mrs. SULLIVAN. I wanted you to see the letter and comment on it.

Mrs. Dwyer?

Mrs. DWYER. Thank you, Madam Chairman.