for a $12 set of plastic dishes that he sells her for $51 or for a second-hand television set or even clothing and wigs as they found in Chicago many times.

Mr. WILLIAMS. I would like to suggest that the dealer—if he didn't offer her a converter she could have purchased one easily. I fail to understand why she threw the television set out. Obviously she is paying for something she cannot then have.

Mr. MARGOLIUS. He didn't go after her for years. In fact, she moved and he found her again when she applied for credit. Again, she was getting into the same trap. She wanted to buy a few pieces of furniture on credit and the credit report went to the New York City Credit Bureau and that is when the first dealer found it.

Mr. WILLIAMS. I know she is not paying for it willingly. But in your statement she says she is now paying for something when she has nothing. She threw the television set out and this is the reason she had nothing.

Mr. MARGOLIUS. That is right.

Mr. WILLIAMS. There is one point that I would like to develop a little more.

As far as this 18 percent annual interest rate on revolving charge account—because we have had conflicting testimony. Assistant Secretary of the Treasury Barr and he made the statement that these department stores cannot operate on less than 18 percent in his opinion.

On the other hand, we have had testimony from others, including a representative of the Federal Trade Commission who made the statement that he believed, and it turned out later that he had no proof of it, that many of these department stores were making more money out of credit than out of the sale of goods. But I think most of us recognize that credit unions are a good thing and for the most part credit unions are not making much money. Some of them have a small surplus and that is about the size of it, but they are charging 12 percent a year.

In most cases, many cases they are paying to their depositors a lower interest rate than the prime interest rate. And also many of them have voluntary help, low overhead for office space and that sort of thing. So, it seems to me that at 12 percent a credit union is working in a situation where to duplicate the same situation the department store would have to charge an interest rate of closer to 15 or 16 percent.

Do you agree with this?

Mr. MARGOLIUS. It might have to be more. It doesn't have to be 18 percent. I don't think they are making more money on the credit than they are on the merchandise; no.

But Sears Roebuck Acceptance Corp. and the other subsidiary running mates of the retailers, all are showing a profit.

Mr. WILLIAMS. What do you think from your experience would be the break-even point for a department store operation on revolving charge accounts?

Mr. MARGOLIUS. If they cut down the cost of the operation and don't offer credit for a $9 bedspread I think probably they ought to be able to get down to 15 or 16 percent.

Mr. WILLIAMS. Thank you.

Mr. MARGOLIUS. They can charge 18, that doesn't matter. All we are asking is that they tell us what they are charging.