The point is that hardly anybody can fathom the billing methods of revolving credit. Help is needed, and the need will become more and more pressing as banks and stores, spurred on by the availability of computerized billing systems, contend for revolving credit business. H.R. 11601 takes the important step of restoring the annual rate disclosure requirement for all revolving credit. Something more is necessary. It is our proposal that the Federal Reserve Board be assigned by this legislation to tackle the billing problem and to find a fair and accurate way of expressing the differences in cost as differences in the annual rate of charge.

We recognize that it won't be a simple problem of rules making, but the problem must be dealt with. It exists, and J. C. Penney, in a suit aimed against the Massachusetts rate disclosure law, comes right to the point. I quote from the suit:

> Despite the differences in actual finance charge rates charged by the Plaintiff Penney and certain of its major competitors, all are required to state the identical "simple interest per annum rate."

End of quote. Notice Penney's reference to "actual finance charge rates." Those words let the cat out of the bag. There really is a finance charge rate. Penney's knows it, Sears and Wards know it. Only the consumer is left in the dark.

It would seem to be in Penney's best interest to have some simple yardstick for compulsory labeling of revolving credit prices at competing stores and banks. It would unquestionably be in the consumers' best interest and in the public interest. Surely a way can be found to fashion a yardstick that measures in terms of the annual rate. One approach might be to standardize the billing system for all revolving credit accounts. Another might be a thorough statistical analysis of the various systems, with the aim of establishing their relative cost to the borrower. Perhaps the most logical avenue of attack, though, would be to let the public see what any well-managed retail business or bank must already be able to see—the overall annual percentage of gross yield on revolving credit outstanding. Each lender presumably has a fair idea of his own yield, and probably shares with others in the grade a knowledge of how various billing methods would affect the yield.

To sum up, we submit that the consumer shopping for revolving credit should be given the right to know that which the lender already knows. As so often is the case, the consumer is the only one in the deal who is deprived of complete information on its terms. He very badly needs to be let in on the rate secret.

Plainly, unless this Congress puts the Federal Reserve Board to work on the problem of setting standards for revolving credit annual rate disclosure, you will be leaving unfinished business for some future Congress. The time to finish the business is now.

Thank you.

(The complete statement of Mr. Klein and the exhibit referred to follow:)

STATEMENT OF ROBERT J. KLEIN, ECONOMICS EDITOR, CONSUMER REPORTS

My name is Robert J. Klein. I am economics editor of Consumer Reports, a monthly publication of Consumers Union of the U.S., Inc., located at 256 Washington Street, Mount Vernon, New York. Consumers Union is a nonprofit mem-