soring bank. It is the poor man's version of the American Express or Diners' Club card. As The Wall Street Journal has reported, "Bank cards are issued largely to lower-income consumers * * *."

A number of Midwest banks, operating jointly, "mailed mounds of credit cards unsolicited to each other's customers and former customers, some 4 million families in all," the Journal said. C. A. Agemian, executive vice president of the Chase Manhattan Bank, told why in a recent speech:

"If you want to get cardholders, your card has to have value. The cardholder needs stores to use it at. If you want to attract merchants, you have to be able to show or promise them a healthy looking number of cardholding shoppers. What comes first, the chicken or the egg? To choke off competition, you must flood the market with cards. Everybody gets cards from every bank he does or does not do business with. People who may have a capacity to repay $500 may have received cards from various banks that could permit them to charge up to $3000 or $4000!"

Where the final Truth-in-Lending law to exempt bank, department store and mail-order charge accounts from annual rate disclosure, it would quite obviously withhold from the consumer an important tool he needs to shop wisely for credit. Yet the Senate bill exempts those accounts, in most instances.

If the exemption is allowed to stand, only the monthly rate will be disclosed on most revolving credit deals. To compare the price of revolving credit with that of other forms of credit you would have to convert the monthly rate to an annual rate by multiplying it by 12. Many people don't know that, however, and they might assume that a 1½% service charge is lower than, say the 12% annual rate generally charged by credit unions. There is thus some likelihood that the exemption would help accelerate the growth of revolving credit.

To escape annual rate disclosure for revolving credit, merchants and bankers used a shrewd argument on the Senate subcommittee considering Truth-in-Lending and you will doubtless hear it repeated. A charge account customer, they said, often gets the use of their money at 1½% for more than one month. Someone who buys something shortly after his monthly bill has been made out, for instance, would have as long as 59 days of free time before incurring a service charge, because he would not receive his next bill, with the new item posted on it, for up to 29 days and would have 30 additional days after that to pay it. Therefore, the argument goes a 1½% service charge does not accurately translate as 18% per annum and is usually lower.

The argument has a cute premise: Up to 59 days of credit time are available interest-free, but only on condition that the bill is paid in full on the 59th day. If you don't pay in full, time runs backward to the date of purchase.

Well, maybe an accountant can really make the calendar run in reverse. But one name for that sort of magic is account juggling.

The only reason for mentioning it here is that there are many different sets of rules for juggling revolving credit. Different stores use different rules, and they are not just playing games. A revolving charge account can cost considerably more at one store or bank than another, though both seem to be charging 18% annual interest.

Professor Richard L. D. Morse of Kansas State University has illustrated the situation dramatically in a recent pamphlet (see appendix A). He demonstrates six different revolving credit billing systems, all of them examples of systems in use, and he showed how service charges can run more than twice as high in some stores as in others.

The drafters of the Senate Truth-in-Lending Bill recognized this obstacle to credit price comparisons. Their solution is to require each revolving credit contract and monthly statement to explain its billing system. The Federal Reserve Board, which will have to write the necessary regulations, has its work cut out. Here are excerpts from the contract applications of three mail-order houses explaining their billing systems:

Sears, Roebuck and Co.: "an amount of time price differential computed at 1½% of the balance at the beginning of each monthly billing period until the full amount of all purchases and time price differentials thereon are paid in full."

Montgomery Ward: "a time price differential or service charge of 1½% per month on the opening monthly balance of my account on amounts up to $500 and 1% per month on amounts in excess of $500."

J. C. Penny Co.: "a time price differential ('service charge') computed by applying the rate of 1½% to the unpaid balance of the cash sale price and any unpaid service charge on each of my monthly billing dates (pursuant to