

Williams will pay particular attention to the table that you have presented as an exhibit on the way in which the charges work out at Sears, Roebuck and Montgomery Ward. A great deal has been made in these hearings that the average earned or real interest will come out to less than 18 percent.

Mr. WILLIAMS. Will the gentleman yield?

Mr. BINGHAM. You have demonstrated quite clearly that it may come out to more than 18 percent, and in some cases, as your example shows, it may come out to a great deal more than 18 percent.

Mr. WILLIAMS. Will the gentleman yield for a question?

Mr. BINGHAM. I would like to finish if you do not mind.

Mr. WILLIAMS. Not at all.

Mr. BINGHAM. I mentioned your name, so I will yield.

Mr. WILLIAMS. I would like to ask where on this J. C. Penney revolving charge account—what column do the monthly purchases appear?

Mr. BINGHAM. I take it from this statement that these are reflecting a single purchase and that there are no other purchases. But obviously I am not in a position to answer your question.

Mr. WILLIAMS. If the gentleman will yield, if that is simply paying off a set amount of money, then this is a fine example of installment purchasing.

Mr. BINGHAM. I decline to yield further. It is perfectly clear from this and the other examples that you have given, attached to your statement, Mr. Klein, that the actual interest applied on a day-to-day balance of what may be owing at any given time may be more or less than 18 percent, depending on the time purchases and payments are made, whether or not payments are credited, and so forth.

What I do want to ask you is whether you have any proposal to specifically correct this legislation to deal more effectively with this problem than I am afraid our present bill now does. You discuss this on page 14 of your full statement, but you do not come to any conclusion. I am concerned that even under our present bill we are not getting at the possibility that under these revolving charge plans in a given case someone may be paying a lot more than 18 percent and a lot more than 11½ percent a month.

Mr. KLEIN. Let me talk to Mr. Williams' point.

No matter how much you buy, when you buy it, how many new purchases are put on your bill, the rate will still be 18 percent from J. C. Penney. In the Sears-Ward system, the rate will be at least 20 percent and almost always higher than 20 percent because the installment payment which they require varies from 10 percent of your total bill to around 15 percent. In the case where it will be 15 percent, the proportion of payment to actual balance due, you see, is a little larger. The adjusted balance due is therefore lower; yet the service charge remains the same—11½ percent of the opening balance.

Now, as to your question, I have presented three suggestions as to how this might be handled, and I favored the third one, which is that the stores have a gross yield on an annual basis. They know pretty much—they have to know the percentage of revenues from service charges they are going to realize on the accounts outstanding as revolv-