

said is, the business should get a credit customer, even though it is getting him because of ignorance. I think this destroys faith in our system. I think the customer should be informed of many things.

Mr. WYLIE. Are you in favor of a ceiling in the usury statute, 18-percent ceiling?

Mr. WILLETT. Before the Truth-in-Lending Act in Massachusetts went into effect, we didn't have any ceiling on retail installment sales. But now we are limited to 18 percent and there is considerable more evidence, it seems to me again, among the consumers that are asked about this of comparison shopping, where they will comparison shop on the basis of this charge.

Mr. WYLIE. Is there any indication or danger that you feel that the ceiling might become the floor as far as interest rates are concerned?

Mr. WILLETT. I haven't seen any indication that it might become the floor. We needed this because before the act went into effect we had interest rates that were being charged in some of these instances that were substantially higher, and I am talking about 40 and 50 percent. These especially occurred in the poorer neighborhoods, and we had letters from the group leaders in the poor neighborhoods in Boston, in the Boston area, pointing out that since the truth-in-lending law they have had people in that neighborhood come in and question them about a particular piece of merchandise that they were interested in acquiring and have been enabling to substantially help them by suggesting a less expensive source of borrowing the money to buy that article.

Mr. WYLIE. Has there been any change in the credit practices in Massachusetts, would you say?

Mr. WILLETT. At the present time—

Mr. WYLIE. I am referring to revolving charges, I would not think there would be any in the installment field.

Mr. WILLETT. There hasn't been any notable change of credit practices of the large, legitimate organizations in Massachusetts. The large, legitimate store in this area was not mistreating customers in the first place. And the credit practice has not changed. There has been change in the credit practice of the smaller store, especially, it seems to us, in the poorer neighborhoods occupied by what quite often is less well educated segments of the population.

Now, this has been, I think, a very helpful change. This has been required because it is easy to see now what the rate of interest charged is.

Mr. WYLIE. What is the contention of the Penney Co. as far as their lawsuit is concerned, on what theory is it brought?

Mr. MEADE. It is a suit for a declaratory judgment, sir, that is brought on the theory that they are not allowed by the Massachusetts law to state that the customer, buyer, gets in effect a free ride from them and for a certain period of time before an interest charge accrues, and also that they cannot disclose that the buyer only pays the interest charge on the adjusted balance and not on the opening balance.

In other words, they are saying in effect that they are not allowed to tell the truth by our law, and that the purpose of the law, supposedly, is to enable the buyer, consumer, to make an informed choice as to sources of credit, and if that purpose is frustrated by the law itself, then that law is unconstitutional, at least to that extent that it prohibits it.