sales of our big competitors. Mr. William M. Batten of J. C. Penney Co. disclosed this when he testified in the Senate that his company had $400 million on their revolving credit accounts but only $40 million on their time payment or installment-type accounts.

On page 18 of our written statement there is a chart that compares two similar transactions of $400—one on a revolving credit plan without title retention, the other on an installment credit plan. On the revolving plan where the credit service charge would be $13.50, the store could quote a rate of 1½ percent. But, on the installment plan with the 90 days of free time that is a general and widely used practice in many small independent specialty stores particularly those in the furniture industry, there would be no credit service charge at all—yet the store would be required to quote a rate of 18 percent merely because the store retains title to the merchandise until it is paid for.

Problems like this would be eliminated by any bill that provides for the universal application of an identical rate for all consumer credit transactions. Universal application of an identical rate would automatically eliminate the false standards such as title retention, length of terms, and method of repayment that have been established in S. 5 to separate the various types of credit plans.

Although we want to point out the discrimination contained in S. 5, we did not come here today merely to talk about what we don't like. We are here to suggest solutions to the problem of discrimination within revolving credit itself. There are four basic methods for eliminating the discrimination. Each method provides for the universal application of a single disclosure method for all consumer credit transactions.

One solution is dollars and cents disclosure, or a variation in the form of dollars per hundred per year or cents per $10 per month. The Governor of Illinois has recently signed into law a bill that requires disclosure in dollars and cents.

A second solution is a monthly percentage rate for all transactions. A monthly rate can be computed for installment credit merely by dividing the annual rate by 12.

The third solution is a combination of both monthly and annual disclosure for all transactions. This is the type of disclosure that S. 5 now requires for the so-called "installment open credit plans," the revolving credit plans with title retention. The annual rate is determined by multiplying the monthly rate by 12.

The fourth solution shown in the one least understood by customers. It is an annual percentage rate for all transactions.

No segment of retailing should be given by law a competitive merchandising advantage over any other segment selling similar goods by being allowed to disclose credit service charges in a more favorable manner.

If Congress really wants consumer understanding of credit terms—

If Congress really wants meaningful disclosure—

If Congress really wants to eliminate discrimination in the marketplace—

If Congress really wants to provide equitable treatment for small independent merchants as well as for the giant mercantile establishments—