

How about the possibility of disclosing the amount of interest or service charges in dollars and cents rather than on an interest-rate basis?

Secretary WIRTZ. May I invite Mrs. Peterson's reaction?

Mrs. PETERSON. I don't think it is a substitute for knowing that these service charges are really charges for the extension of credit. Therefore, I would prefer certainly that the annual rate be shown, too.

Secretary WIRTZ. On a percentage basis rather than in dollars.

Mrs. PETERSON. The bill requires that it be stated both ways. But in order to make a comparison, the annual percentage basis is necessary. I would prefer that.

Mr. FINO. Will the gentleman yield?

Mr. WYLIE. I would like to ask one other question.

Do you think there is any danger if we establish a ceiling as to the rate of interest which becomes a usurious rate, that this might, in fact, become the floor?

Secretary WIRTZ. I surely do. That is a real concern about that 18 percent. I think I would have great trouble bringing myself to the support of an 18-percent limit for the very reason that you just talked about. I am afraid it would become par for the course.

Mr. WYLIE. Do you think that same thing might occur on the annualizing of the percentage rate?

Secretary WIRTZ. No, I have no disagreement with annualizing the percentages.

As for putting in the 18 percent as a limit, that is one provision which on the merits would give me personally some pause because I am afraid it would attract all charges to that level as well as limit it.

Mr. WYLIE. I have been informed my time is up. I have a little fear about this, too. And I think maybe more and more people have become accustomed to the monthly charge system and I think more and more credit is being extended on a monthly charge basis than on an annual basis so that we might well face up to that and educate people to monthly interest rates.

Secretary WIRTZ. Maybe.

Mr. WYLIE. Thank you.

Mrs. SULLIVAN. I think we are talking about two different things: one, setting a top rate of 18 percent on all consumer credit; and the other, disclosing a rate of 18 percent on revolving credit.

Secretary WIRTZ. That is correct.

Mrs. SULLIVAN. Your idea is that you don't want to see a Federal usury law.

Secretary WIRTZ. That is correct.

Mr. WYLIE. I don't think you can separate the two. I think establishing a ceiling on interest rates bears a relationship to the establishment of a usury law.

Mrs. SULLIVAN. I don't agree that they are related. We are not setting a ceiling on revolving credit by requiring its disclosure on an annual basis. We are just making them show the charges. The 18-percent ceiling would apply to all credit.

Mr. FINO. Will the Chairlady yield?

In connection with what Mrs. Peterson said and what the Secretary said, I am trying to clarify in my own mind if Mrs. Peterson said that