she preferred to have a percentage-rate disclosure rather than the dollar disclosure?

Mrs. PETERSON. What I am saying is, they need to know the annual rate they are paying, if the monthly rate is 1½ percent.

Mr. FINO. Do you think the average person, I happen to be a lawyer—do you think I am concerned with how much the rate is rather than dollars and cents?

Mrs. PETERSON. I think you are completely right; people think in terms of what the dollars and cents charges are. But also that leaves something to be desired because you have to know the annual rates to make the comparison between credit costs of different lenders.

Mr. FINO. Mr. Secretary, did I understand you to say that you would rather see the dollar disclosure?

Secretary WIRTZ. I think we need both dollars and annual percentage rates.

We lucky college graduates think our lives through in terms of percentages. I am not sure how real the percentage rate may be in some other people's minds, although we are all used to it in our mortgages. I do think there is a communications advantage in letting people know how much their purchase is going to take out of their paycheck for the next year. So I can make a good argument for a statement in terms of dollars. But since other elements in the conditions of sales discounts, duration of payments, and so forth, differ so much, you can't easily compare one seller's costs with another unless you have the annual rate. A lot of our thinking has been channeled in percentages. I think it is a good thing that the bill provides for both.

Mr. FINO. I want to thank the Secretary for his frankness in this connection.

Mrs. SULLIVAN. When you are shopping for a loan, for instance, and find you pay back $108 for a $100 loan at one place and $100 for a $100 loan at another, but only get $92, the dollar amount of the cost is the same at both places—$8.

But if you know that you are paying 15 percent for one or 18 percent for another, or 36 or 42 percent on some other kind of loan—even if you don't know how to figure the percentages, you know which is higher.

Secretary WIRTZ. You and I do. But you would be surprised how many times in connection with the letters that we get, the mail that we get about the unemployment figures it is indicated to us, and it comes as a shock how many people think 0.4 is larger than 3.8—that decimal point is a sophisticated concept and so that makes you wonder how generally communicated percentages are.

I don't want to overpress the point because I agree it would only be disturbing to move this thing out of the percentage pattern.

Mrs. SULLIVAN. Our bill calls for disclosure of both the amount and the percentage. But the percentage rates are all expressed in the same way, on an annual basis.

Mr. BINGHAM. I wish we could continue under the 5-minute rule.

Mrs. SULLIVAN. Mr. Bingham?

Mr. BINGHAM. I hate to be the one to interrupt my colleagues.

Mr. STEPHENS. My question is pertinent to the one being discussed. Go ahead.