fortunate that communications media are bombarded with such misleading advertisements.[18]

According to the opponents of annual-rate statement, "the most appealing of the arguments for use of the interest-rate form of statement is that it will enable consumers to shop more effectively for credit."[19] They concede that this argument implies also that this more effective shopping for credit will generally reduce its cost. In addition, some of these opponents, notably Professor Johnson, allege the "impossibility" of expressing finance charges as annual rates. There are two main objections proposed by Professor Johnson: (1) "The finance charge can be buried in the prices of items sold on credit"; and (2) "The charge cannot be computed at the time credit is granted on a wide variety of credit transactions."[20]

Let us examine these two arguments and their implications. It is perhaps true that a retailer could raise the price of a product and either totally eliminate any mention of installment financing or quote a ridiculously low rate. The total elimination of explicit finance charges occurs even now in some types of credit-card and department-store credit, for instance, when one gets thirty-day "free" credit. However, the consumer, as long as he has a single price to deal with, is perfectly able to compare the price on the goods or services he is getting with prices for that same benefit in competing stores. This goes on all the time, and the consumer is well accustomed to handling these situations. The popularity of discount stores, which have eliminated such

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[18] The attempt to distinguish lender profit from borrower interest is a determined, if misguided, one. Ray McAllister, speaking of revolving credit and installment credit, noted that

> these . . . seem to be *interest rates*, which in fact they are not since in both types of credit interest "on the use of money" represents only a part of the total credit costs.
>
> It is argued that because regular installment credit charges are *not* usually expressed as a "true" annual rate it is improper to express revolving credit charges as a *true annual rate*. Again, it is pointed out, this would equate the charge for revolving credit in the mind of the buyer with an interest rate, which it is not.

McAllister, An Analysis of Proposed Federal Legislation Covering Consumer Instalment Credit, in Business Studies 31, 38 (No. Tex. State Univ. Fall 1966).

[19] Johnson, op. cit. supra note 16, at 15. Professor Johnson does indeed reach some strange conclusions by his arguments. He decides that consumers will not only be no better off, but will actually be more confused if annual-rate expressions are imposed. It is interesting to examine the reason for his conclusion. He argues that unless each and every type of credit offered to consumers is able to be stated in the annual-rate formula, the consumer will still be confused. To achieve comparability of rate statements for 90% of the types of credit offered to consumers would not, in Johnson's eyes, be an improvement. This argument is totally unacceptable. This is a field in which one is grateful for even a small improvement in the information available to consumers—for even the slightest correction of deceitful and confusing methods of telling the consumer what he is paying.

[20] Id. at 16.

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