

In my judgment, those who declare S. 5 to be misleading or uninformative do not do themselves or the many responsible retailers and financial institutions justice. Many of these institutions are now quoting monthly rates. And since the annual rate is merely 12 times the monthly rate it is a matter of simple arithmetic and not a matter of substance as to what the rate reveals. Thus one who argues that the 18% disclosure is misleading is also arguing that the prevailing practice of quoting monthly rates is misleading. S. 5 requires no change in present book-keeping or accounting procedures! It presents only a printing problem, and then only until present forms are out of stock. If present practices are deceptive or misleading, S. 5 will not correct them.

Before I introduce my problem I should like to repeat what Secretary *Barr* said: "It is not important that the consumer buys a shirt on the third of April, is billed on the 17th of April, and has until the 17th of May to pay without incurring any credit charges. This is a cash transaction up to that point. *The point at which it becomes a credit transaction*, so far as the purpose of this bill is concerned, *is the point at which the consumer becomes subject to credit charges*. This is the only thing that concerns him. He surely is not going to borrow elsewhere to pay off his revolving credit, unless it is to avoid paying service charges. This is why I say that revolving credit is the simplest kind of credit to handle for the purposes of this bill. *If the store charges 1½% per month, the annual percentage rate is 12 times 1½% or 18%.*"