People suggest that if all of them are required to state the same annual rate, they will be encouraged to dispense with various differences in their credit arrangements, some of which result is lower effective charges to the consumer.

However, savings banks generally disclose identical rates, yet have not been stopped from offering different additional benefits. For instance, different compounding periods, grace periods for receipt of interest, and so forth.

Do you feel that analogous fringe benefits will necessarily disappear from revolving credit accounts if they must all disclose an 18 percent annual rate?

Mr. CRAWFORD. Congressman, as I said in my statement, this revolving credit is something that is completely alien to me and to the savings bank business. Therefore, I have very few views on it that I think are worthy of your attention. It has been a matter of puzzlement to me, I must say, as to why they would object to using the 18 percent rather than the 1½ percent.

I realize that there are problems about early payments and a free period at the beginning, but, nevertheless, when you pay 1½ percent a month, you are paying 18 percent per annum, so why not state it? If everybody stated it, it wouldn't seem to me to have any competitive advantage for them.

The CHAIRMAN. Thank you very much, Mr. Crawford.

We are going to have one more witness before luncheon. Again, I am very sorry that we have had to keep you waiting.

We are very happy to have Miss Mary Tarcher here, the Director of the Legal Aid Society. We are very happy to hear from you, Miss Tarcher. I know your work involves many of the problems that we are considering here.

STATEMENT OF MISS MARY TARCHER, DIRECTOR, LEGAL AID SOCIETY

Miss MARY TARCHER. Thank you for delaying your lunch so that I can say my piece. Monday is a very busy day and I want to return without delay.

The CHAIRMAN. Thank you very much, Miss Tarcher. I wonder if you would have time for a few questions. I note that you favor H.R. 11602 over H.R. 11601. I wonder whether you have considered the desirability, for example, of including advertising in the bill, which is something covered in 11601 and not in 11602.

Miss TARCHER. I may be a little too disillusioned to reply to that question, but people don't read.

Now, certainly, I think that I wouldn't be opposed to including it, but I'm not very hopeful that including it with a lot of other material and probably in fine print is going to really make a substantial difference.

The CHAIRMAN. Wouldn't it be helpful if it might at least have the effect of reducing the number of shorthand references that are made in advertising, for example, the expression, bank rates, which you hear so often on the radio? That is a misleading expression and if the effects of the legislation were to eliminates such references, wouldn't that be helpful?

Miss TARCHER. I think it would be helpful and I think actually there, too, the different media have different effects on the people. I think what they hear on television is more powerful, and I think it would be effective. I would include it. It's just that sometimes the more type the eye is exposed to, the less reading is done.

The CHAIRMAN. How do you feel about the exclusion of the minimum of $10 finance charge? Isn't this an area of considerable abuse, the purchase of a watch, say, on which the finance charge is under $10, but may still be——

Miss TARCHER. I have never seen a contract in our office under $10, except a magazine subscription, and there is no finance charge on that.

The CHAIRMAN. The exclusion in the Senate bill, or 11602, is anything where the finance charge is less than $10. And in our bill, in 11601, we have included such transactions and the disclosure of the requirements.

Miss TARCHER. There, too, I don't think I have any hard and fast rules.

Some of these details I consider less important. They are what I call the psychological details. I didn't dwell on them too much. I didn't think they would have the impact that the big disclosure will have. Most of the people who come to us have a much larger finance charge than $10.

The CHAIRMAN. On the question of garnishment, do you feel that the New York restrictions, regulations are too strict today, the New York State regulations?

Miss TARCHER. Well, the $30 is completely out of date. I like the fact that you can't be discharged for one garnishment. We might up that, although, garnishment restrictions are very difficult to assess.