

with installment contracts, installment loans. The existing statutory limitation is eighteen percent up to the first thousand dollars, twelve percent beyond that point. The committee amendment draws the line at nineteen percent across the board and I would argue that that is more than generous, that the appropriate figure and the figure that is contained in my amendment is eighteen percent across the board. Let me tell you why. Now I did not support the Johnson amendment just now because as far as I am concerned the general loan rate, personal loan rate, is a matter that is set in the marketplace. There the cost of money as described by Senator DeCamp and others will out, in fact, there will be competition, there will be overlapping responsibilities by financial institutions and, therefore, whenever the rate can lower, it will be done to derive a competitive edge. So in that respect then, I am not reluctant to release some of the stranglehold that we have statutorily on the personal loan rate. However, here I would argue that we are talking about a noncompetitive rate. We are talking about a rate that is not set in the marketplace, it is not derived by the cost of money, that once established legislative minimums will become...or rather legislative maximums rather will become industry minimums. The moment this goes into effect there will not be an installment contract or an installment loan made at less than nineteen percent, and even if the prime rate goes down in the coming year, which it is expected to do, I would forecast that there will be no corresponding reduction in installment contract rates. That is because for most cases the installment contract is sort of a hidden kind of interest. Once you have the seller selling a good to a buyer and the buyer wants the good, a car, a washer, a toaster, whatever it might be, it is the desire to buy that product which is the mitigating factor for the buyer, not the credit rates beyond that point at which they have to pay to buy the object. They are not buying money, as they are in the case of a loan, they are buying a good, and because that is the case, they do not look at the credit line that they have to buy into to get the good, and if that is the case, then I would argue that the installment contract is not a marketplace derived figure, that whatever we appoint and set down by statute will become the industry minimum across the board and there will be no competition and there will be no place for the marketplace to rule and control this figure. Now if that is so, what is the appropriate figure? Is nineteen percent the appropriate figure? I would argue that it is not. Having been in the Banking Committee during the time of the hearings of the usury rate, I would like to point out