

5/5/03

Alan,

I think I've seen this book "Credit Card Nation". I probably got it from the library because I am interested in the issue of credit card costs being borne by the general public rather than the credit card users. I didn't read the whole book, but I skimmed through it and the index and found no mention whatsoever of that issue. This is what Senator Wm. Proxmire said during some Congressional hearings many years ago:

"...(W)hen you or I buy something with a credit card we get a bill at the end of the month and then we have another 30 days before we are hit with a finance charge. During this time, we have the use of the money. It is like an interest-free loan...But it isn't really free. Someone must pay for this credit. Initially, the merchant pays in the form of a merchant discount. When he sends our sales slip to the credit card company, he only gets back an average of 97 cents on the dollar. But most merchants operate on a very thin margin and few can afford to absorb the 3-percent charge. So what do they do? They increase their prices to cover their costs. Thus, everyone, cash customers as well as credit card customers, wind up paying...If practically everyone used credit cards, this wouldn't be so bad. But many people can't qualify for credit cards or don't want to use them. So what we have is a system where the poor subsidize the rich to the tune of \$6 billion a year. This is the cost of the merchant discount reflected in retail prices."

Waldemar was very pleasant Sunday. We saw birds and turtles and frogs. I wished I had my camera and a zoom lens to take a picture of about 10 colorful turtles on one log. There are miles of trails. We didn't stay long because Carol's foot started hurting.

Steve