

loans, let the credit unions take care of it in their own particular bailiwick, and let the Federal Trade Commission handle their particular area. Personally this appeals to me. I hate to see a whole new enforcement agency created if we can get by with splitting up the administration among these agencies. Frankly, Mr. Bingham, I think there is going to be a large element of self-enforcement. It will be self-enforcing in large measure.

Mr. BINGHAM. Is it not unrealistic, though, particularly for the small buyer, to think that he can take his problems to court or anything of that sort?

Mr. BARR. I agree that is unrealistic, but as I say, it will have to be the forces of competition that will enforce this legislation. Without getting into the creation of an enormous administrative machinery, I am frankly puzzled as to how you could administer it any other way than the Fed suggested.

Mr. BINGHAM. Does the Treasury have a position on section 207, the proposed regulation of commodity futures trading?

Mr. BARR. We do not. I am very vague as to what we are trying to accomplish here. We were silent on this because we are just not certain and until it is more closely studied, we are not in a position to comment.

Mr. BINGHAM. On the matter of revolving credit charges would it be fair to say that, if the position is sound, that an 18-percent-per-year figure is not accurate, then 11½ percent per month cannot be accurate either?

Mr. BARR. That is correct. That is absolutely correct. That is the heart of the matter.

Mr. BINGHAM. If we are going to allow the interest rate to be stated on a monthly basis, perhaps we ought to require the savings banks and other savings institutions to state the interest they pay on a monthly basis.

Mr. BARR. I think you would run into a storm there.

Mr. BINGHAM. One more question. You have spoken of the U.S. rule. For the information of the committee, what is the alternative? The U.S. rule looks like a commonsense approach. What other approach is there?

Mr. BARR. May I supply that for the record, Mr. Bingham? It is a rather scholarly area in which there are still philosophical differences. I will supply it for the record.

(The information requested follows:)

H.R. 11601 [SECTION 202 (F)(1)]

ALTERNATIVES TO THE ACTUARIAL METHOD (U.S. RULE)

In addition to the actuarial method, there are at least 6 other methods for determining the annual percentage rate, as indicated by the attached article reproduced from the 1961 Truth in Lending hearings. Of these methods, the constant ratio method and the Rule of 78ths are the only practical contenders. However, the constant ratio method always overstates the true rate. The Rule of 78ths, on the other hand, gives rates which are very close to the true rate.

It is the position of the Treasury Department that no method is very easy without the use of prepared tables, and with the use of tables, all methods are equally easy. Therefore, we recommend the actuarial method, which gives the true rate.