

fantastic sum in terms of deficiency. And he can sell the collateral and get very little for it. We compromised in the middle and said, "At least, you are not going to get any finance charge for the period of credit for which you have taken the goods." It has only been in effect a year, and I am not certain how effective that has been, but at least the current draft—and there was a meeting in Chicago on January 19 and 20 of the special committee of the commissioners. I did not attend that. They were arguing that draft.

Now, whether that proposal which was in the sixth and, hopefully, final draft was altered at that point, I cannot say. I do not have the data.

Senator TYDINGS. Let me ask your judgment on a couple of other points that have been raised.

There has been some question that the way we spell out our truth-in-lending provision in this legislation is different from the legislation pending before the House of Representatives which passed the Senate, the national legislation. In the national legislation, I think it is reflected in an annual dollars per hundred; whereas, in our bill it is a direct interest rate. Of course, you know the difference. When it is a direct interest rate, it is doubled, or at least it appears to be doubled. A 12 percent annual interest rate is \$6 per hundred, and it is easier to sell credit when you tell a person you are charging \$6 a hundred a year rather than if you tell him you are charging 12 percent.

The criticism has been raised, since our bill is not uniform, that we should really make it uniform in standard with the truth-in-lending proposal which we hope will pass the Congress.

Do you have any comments on that?

Mr. WILLIER. Well, I am not familiar with it. Frankly, I have not seen the bill that passed the Senate unanimously. I saw the original S. 5 which, as I understand it, was in keeping with what you have in this bill.

Senator TYDINGS. Yes; but S. 5 was amended to get by.

Mr. WILLIER. I have heard that. I have read newspaper articles about it, but I have not seen the original text of what passed the Senate nor what reached the floor of the House.

I would say this, that I could see no conflict between your bill and that.

In Massachusetts, Washington, Connecticut and Maine, we require an annual disclosure in terms of percentage.

Now, as you probably know, your bill adopts the U.S. rule or actuarial method.

Now, I was hearing this with Senator Proxmire's committee. The Treasury Department has shown that they can use the actuarial method with the computers for almost every conceivable credit transaction to reveal an annual rate.

In Massachusetts, we adopted a different method called the constant ratio formula, and at the time we picked it because the creditors who opposed us outright said if we had to do it, we had the political strength, and that was the easiest to use.

Now, they are heard in our Commissioner of Banks' hearings, asking and pleading that we adopt the actuarial method, which was originally in S. 5.