been because we have learned how to handle it. When you go into the economies of developing countries as I have worked in, this question of credit is totally unknown as a concept. The assumption underlying all of credit is the responsibility of the individual. Happily, by and large, we have that in our country and many countries need to come a long way before they will match our record.

Mrs. SULLIVAN. May I make an observation?

We emphasized—almost every one of us has emphasized—that we think credit is a good thing that has made our economy grow. But it is the misuse of credit we are concerned about. When you realize that in this past year approximately $1\frac{1}{2}$ billion was lost in personal bankruptcies, and that the bankruptcy rate went from 19,033 people in 1950 to 203,000 this year——

Mr. FINO. We have had an increase in population and an expansion in business, also.

Mrs. SULLIVAN. Of course we have. But it is the overselling, and overuse of credit, and the misuse of credit that have caused the majority of bankruptcies, not sickness and misfortune. Many times it is just things like this—the attractive advertising of easy credit—"Come and get it." "You do not need any money down." "Sign your name and you can walk away with your purchase"—that causes much of the difficulty.

Mr. WYLIE. Will the chairman yield?

Mrs. SULLIVAN. Yes, Mr. Wylie.

Mr. WYLIE. Just one other thought.

We are talking about full disclosure, as much disclosure as we can get in truth in lending. Mention has been made of the so-called free period during which time no interest is charged. Do you think a statement regarding this should be in the bill?

Mr. Secretary or Mr. Harding—should we have a requirement in which a time period allows no interest to be charged—30 days, 60 days, or no grace period?

Secretary TROWBRIDGE. It seems to me that it is very often common practice in 30, 60-day credit accounts, for companies or lenders to give such a grace period and then put their interest charges into effect at the end of that period. This is part of the way of doing business and I would support the interpretation that you calculate your rate of charges, financial charges, on the basis of the time they enter into effect, rather than the date that the purchase happens to be made.

Mr. WYLIE. Thank you.

Mr. HALPERN. I have one question, Mrs. Sullivan.

Mr. Secretary, can you contemplate a distortion of resources as the credit facet, of consumption assuming an increasing role, with prices reflecting less the value of the object purchased and more the credit terms on which it was bought?

Secretary TROWBRIDGE. In other words, credit having an inflationary effect?

Mr. HALPERN. Yes.

Secretary TROWBRIDGE. I don't think that that is potentially a major problem, because we still have so much competition. It seems to me that as we have gone through the process of building up credit as an