BOSTON COLLEGE
INDUSTRIAL AND COMMERCIAL
LAW REVIEW

VOLUME VIII SPRING 1967 NUMBER 3

ECONOMIC ISSUES IN STATE REGULATION OF CONSUMER CREDIT

ROBERT J. MCEWEN, S.J.*

I. INTRODUCTION

Forty years ago, Professor E. R. A. Seligman opened a session of the annual meeting of the Academy of Political Sciences with a very thoughtful and farsighted paper on "Economic Problems Involved in Installment Selling." With remarkable insight, he concluded his paper with the following warning:

> [I]t must not be forgotten that installment selling, like every institution, is subject to the perils of novelty. If this were the time to deal with the subject fully, it could be pointed out that in the course of history credit has assumed manifold forms; and each new form of credit has had to fight its way to recognition after going through three stages: that of initial growth, that of the sloughing off of abuses, and that of the final emergence of the soundness of the principle.
>
> While [installment selling] . . . has undoubtedly come to stay, all manner of abuses and of perils which it would be shortsighted to deny have crept in. What is needed is a sober and impartial analysis of its true significance. As the years roll by, outworn methods will be discarded; new corruptions will appear. Is it not the part of wisdom to separate the chaff from the grain; to be on our guard against the more obvious dangers; and to eliminate . . . improper practices . . . ?[1]

Today, state regulation has become an important, but much misunderstood phase of the community's attempt through government action

* A.B., Boston College, 1940; M.A., Fordham University, 1943; S.T.L., Weston College, 1947; Ph.D., Boston College, 1957; Former Chairman, Massachusetts Consumer Council; President, Council on Consumer Information, 1965-1967; Associate Professor and Chairman of Department of Economics, Boston College.

1 Seligman, Economic Problems Involved in Installment Selling, 12 Acad. Pol. Sci. Proc. 583, 594 (1927).