free producer and consumer decisions—to buy and sell, to save and invest, to produce this product or that product—lead to the best possible allocation of resources. Such choices must be made through a market operating within a social framework which is at least partially the result of legal requirements. Strictly speaking, these legal requirements are not interferences with market operation, but instead are needed guidelines or boundaries which preserve the possibility of a truly free and informed expression of buyers' and sellers' preferences in the market.

From the buyer's point of view, the two chief requirements are *adequacy of information* on which to base a rational choice and *freedom from any coercion* that could force his choice along certain lines. From the point of view of the selling side of the market, fairness requires that there must be no collusion or constraints on the offerings of competing sellers. Because the system is fueled by self-interest, legal proscriptions to prevent forms of monopolistic control, deceit, and misrepresentation are absolutely essential to the proper operation of a market economy. Only then is there a possibility of achieving maximum consumer welfare. For this reason, even the most libertarian economists and political scientists should and do logically accept the principle of some legal control of consumer credit. What matters is that the controls promise to accomplish the objectives italicized above.

The justification for governmental control of consumer credit, as well as of credit in general, is closely intertwined with the economic nature of money and credit.[11] Indeed, in most modern economies, many transactions between buyer and seller, or borrower and lender, are based ultimately upon the lender having access to the money-creating powers of the commercial-banking system.[12] As R. I. Robinson put it:

> The collective demands of consumers for credit are channeled back to the money and capital markets through a variety of financial institutions. The most important and also the most complex of these institutions in the market are commercial banks. Commercial banks have at least three different channels of extending credit to consumers: they do it directly in the form of cash loans, they purchase installment paper from the auto and other dealers who originate it, and

[11] Bartels, op. cit. supra note 6, at 474, states: "Still another criterion of the stature of credit in our economy is the extent and manner in which it has been subjected to social regulation. This is an indication of the esteem in which it is held and of the disrepute which it has attained."

[12] The commercial-banking system creates new checkbook money in the form of demand deposits when it makes loans to borrowers. Its money-creating power arises from the fractional reserve requirements against demand deposits permitted by the Federal Reserve System under authority from Congress. Almost 80% of the U.S. money stock in the hands of the public consists of deposit money. See Whittlesey, Freedman & Herman, Money and Banking 20 (1963).