

terms, and sources, and differences in creditworthiness between buyers. On the seller's side there is a naturally differentiated product because of the nature or availability of the goods offered, and an artificially differentiated product created by brand-name advertising; no two sellers are really selling identical, homogeneous commodities or services. Other elements of differentiation between one lender and another may be: collection methods and policies, ease of obtaining loans, down-payment and/or security needed. Third, state governments should still do all in their power to introduce more competitive features into the market. On the demand side this means (a) encouraging full disclosure of all pertinent facts, rates, and terms to enable comparisons, and (b) consumer education to make consumers aware of their choices and their rights. On the supply side, the state should encourage (a) entry of new credit grantors, and (b) expansion of the types and fields into which old and new lenders may enter.

Even after all these improvements in market conditions and practices have been achieved with the aid of state law, there remains the nagging question: Will banks and finance agencies engage in sufficient price competition to keep interest and finance rates at levels reasonably fair to the consumer? The answer to that question is probably "no." Even with vigorous regulation by banking authorities and diligent application of antitrust law to bank structure and conduct, it seems likely that state control of interest rates on consumer credit will still be necessary in the public interest. If so, the proper course of action should be to set rates and not ceilings.

V. CONCLUSION

In the larger context, it is clear that glaring abuses in the consumer-credit field have led to popular demands for state regulation. This raises an economic issue that far transcends the credit field: How do we reconcile and relate the interests of business and the public within the broad context of a free capitalistic economy? It is commonly accepted that the general public makes very little distinction between abuses associated with the financing of a sale and problems caused by the seller or his product. In the eyes of a buyer, it is all one. He usually attributes all problems directly and immediately to the original seller and focuses his complaints accordingly. How much popular conflict and disenchantment with business is really due to finance industry abuses is anyone's guess, but in no event is it small. Otherwise, consumer associations and consumer groups throughout the fifty states would hardly have made consumer-credit abuses the focal point of their attack.

Popular disenchantment with business is emphasized by those economists and social psychologists who are devoting their attention