of higher salaries and commissions as a percent of sales. These expenses reflect in part greater use of door-to-door selling and expenses associated with the collection and processing of installment contracts.

The high prices charged by low-income market retailers suggest the absence of effective price competition. What competition there is among low-income market retailers apparently takes the form of easier credit availability, rather than of lower prices. Greater credit risks are taken to entice customers. Insofar as the problem for low-income consumers is availability of credit, merchants who sell to them focus on this element.

The success of retailers who price their merchandise on such a high markup in selling to low-income families leads inevitably to the conclusion that such families engage in little comparative shopping. It would appear that many low-income customers lack information or knowledge of their credit charges and credit source alternatives, or of the prices and quality of products available in general market retailing establishments. To the extent that door-to-door sales techniques are utilized, such families frequently make crucial purchases without leaving the home and without seeing the products they commit themselves to buy. The fact that low-income market retailers emphasize the use of door-to-door salesmen both reflects and encourages such behavior. The Commission is well aware that door-to-door selling as well as home-demonstration selling provides an opportunity for deceptive and high pressure sales techniques. Moreover, such selling methods are also very high-cost methods of distribution.

It would appear, therefore, that the low-income consumers who can least afford mistakes in their buying decisions face two serious problems when they are confronted with a door-to-door or home-demonstration sales approach—(1) the high cost of this sales technique will ultimately be borne by the purchaser, and (2) the opportunity for high pressure or deceptive selling is great, thus discouraging comparative shopping and enhancing the probability that the consumer will agree to purchases he would otherwise not want.

While public policy can help solve the problems of low-income consumers, legislation alone may not be sufficient. Legislation aimed at disclosure and regulation of finance charges will help low-income as well as other consumers make more rational buying decisions. Intensified programs on both state and federal levels to eliminate all deceptions and frauds in the advertising and oral representations of the terms of sale and credit charges will also help to insure that their money is spent advantageously. The poor, to a considerable extent, however. are not sophisticated shoppers. Many cannot afford the luxury of "shopping around" because their potential sources of credit are limited. Others, because of inadequate consumer education or lack of mobility, simply do not engage in comparison shopping.

Thus, in attempting to deal with the phenomenon of the poor paying more for consumer goods, every effort should be made to improve consumer counseling. Many customers continue to buy from low-income market retailers even though they have sufficient income to qualify for credit at stores selling for less. Greater community effort in consumer education is needed.

Beyond the matter of education is the question of credit availability. Many low-income families are quite capable of making regular payments. They should have the option of making payments on reasonably priced merchandise. Local community effort in the development of effective credit sources could contribute materially to freeing individuals from dependence on "easy" credit merchants.[1] Moreover, perhaps general market retailers can take steps to make it easier for low-income families to apply for and receive credit. Some retailers have already found that they can do so economically. Various community business organizations might consider ways of more actively encourage low-income families to seek credit from retailers selling for less.

Increased competition for the patronage of low-income consumers would go a long way toward resolving many of the problems confronting them in the low-income market. Public policy should consider the various ways by which new entrants could be encouraged into these markets to increase the competitive viability of these markets.

While the availability of credit is perhaps the major reason why low-income families purchase from the low-income market retailers, it is only logical to con-

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[1] Credit unions organized to serve low-income people may be one answer to the problem. More than 400 Federal credit unions now serve substantially low-income groups. The Bureau of Federal Credit Unions, U.S. Department of Health, Education, and Welfare, is attempting to increase this number through its "Project Moneywise." With proper counseling and organizations, credit unions can be successful even with very-low income groups.