

past 15 years is shown in the accompanying graph. It traces three periods of extraordinary credit growth. After the first two peaks, in 1955 and 1959, the rate of borrowing fell to around the break-even point, where, over a year's time, the total of new borrowing very nearly equaled the total of repayments.

Do purchasing intentions normally fluctuate so wildly? Or does some outside force radically change them?

Looking back from the vantage point of the recession year 1958, CU saw signs of the lender's hand at work. "Seven million high-priced autos were moved out of dealers' inventories (in 1955) in one of the biggest sales blitzes of all time," we noted, "and some 60% or better of those cars were sold on the cuff. Moreover, one of the tools of the blitz was an extension of installment contracts to 36 months. Other sellers, competing with autos for their share of the consumer dollars, also offered terms of nothing down and 36 months to pay for rugs, furniture, etc."

The chief symptom of recession is a slackening of economic growth. Thus, in 1958 there was no increase in the Gross National Product. Credit expansion hit another new high in 1959, followed by almost no credit expansion in 1961. Again, the trough on the graph was accompanied by a sharp tapering off of economic growth. To put it mildly, more orderly use of credit might have a less unsettling effect on the general economy.