> funds or goods for personal use in return for a promise to pay for the same in the future.[5]

An important economic truth which is embodied in this quotation has, unhappily, been freely ignored and distorted by legislators and courts for too many years. It should be emphasized that credit or a loan is involved in every exchange in which there is *delay* in completing the transaction. In any case in which the buyer does not render payment to the seller upon acquisition of the seller's goods or services, the economic reality of the situation requires us to acknowledge that the seller is making a loan to the buyer of the value of those goods or services for as long a period as it takes the buyer to complete his payment.[6] This concept is often obscured and disfigured by legislated subterfuge, either to avoid the honest statement of actual interest and finance charges or to evade legally prescribed maximum rates of interest. Its importance, however, requires that it be embodied in the definition of consumer credit.

A difficulty in a definition as a basis for regulation can arise because of the nature of the goods for which consumer credit is used. The general distinction between a consumer good and a producer good is frequently obvious; there are not too many overlapping or indistinguishable cases that present much difficulty. However, it does make sense to conceive of consumer credit as any method by which an individual consumer has access to immediate purchasing power, in return for which he obligates himself to make specified future payments out of his income. Thus, a definition should include the transactions which permit the consumer to acquire certain goods that might also be considered producer goods. Furthermore, in those cases where an item that is ordinarily a consumer good can also be used as a producer good (*e.g.*, an automobile), it would seem that legal regulations on the matter should tend to include all loans made for that particular good, on the theory that no great harm will be done by overinclusion, but that great complexity and harm may result from opening loopholes that might be exploited. Because of the nature of personal cash loans, it seems appropriate to include all such loans under the heading of consumer credit without attempting to find out whether the money will be spent to buy a consumer good, to pay off previous debts incurred for the purchase of consumer goods, to lend the proceeds to an uncle for the purchase of securities, or to put the funds to any of the hundreds of uses consumers can find for the proceeds of personal loans.

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5 Stokes & Arlt, Money, Banking and the Financial System 593 (1955).

6 Writers of books on credit frequently admit this point in early chapters and then proceed to ignore it in subtle attempts to justify the "time-price differential." See Bartels, Credit Management 4 (1967); Neufeld, Manual on Consumer Credit 4, 88-92 (1961).