

consumer credit, which also includes charge accounts, service credit, and single payment loans.¹⁶¹ Total consumer credit repayments are probably running at a level close to twenty per cent of disposable personal income and well over twenty per cent of employees' earnings.¹⁶²

Individual debt, not so long ago discouraged and regarded with suspicion, is now encouraged. More than encouraged, debt today is merchandised as intensively and skillfully as any commodity, notwithstanding occasional pious reminders to "never borrow money needlessly." The communications media that touch a family's life constantly urge it to buy on "easy" terms, to open charge accounts with "nominal" monthly service charges, to get a new car at "bank" terms, to travel now and pay later—whether the family can afford it or not. The following report from *The Wall Street Journal* is illustrative:

Consider the case of the 24-year-old factory worker who last week walked into Courtesy Motors, a Chicago Ford dealership, just to look around. A salesman quickly—and politely—offered to help the unshaven young man but was met with what seemed to be a definitely negative reply. He had bought a new Rambler only 10 months ago and he still owed \$1,800 on it, the worker explained.

But two hours later, the young man purchased a new Galaxie two-door hardtop. "I really didn't expect to get a car today," he said somewhat bewildered, "but the salesman made it easy so I figured why not." Carl Shelby, the salesman, didn't find it so easy, though. "He owed too much on the Rambler to be a good credit risk," Mr. Shelby says.

The fact that the debt-laden factory worker was eventually approved points up another reason which many think plays a major role in the auto boom: Easy credit. Financing funds are so plentiful that it's a rare person who isn't able to work out some sort of installment arrangement, dealers say. Some buyers now can even get terms which allow them 42 months to pay for their new car.

"There's way too much credit," remarks Kenneth Grantham, owner of Kenray Ford, a Dallas car dealership. Then he adds quickly: "But I'm not complaining." For good reason, perhaps. Mr. Grantham's sales manager, Jesse James, estimates that "90% of our customers are buying cars that they really can't afford. But credit is easy and people don't feel they're in the swing of things if they're not paying off a new car."¹⁶³

middle income wage earners—we find that repayments are 17% of such compensation. *Ibid.* Compensation to employees (in billions): 1962—\$323.1, 1963—\$340.3, 1964—\$361.7.

¹⁶¹ These items totaled \$17.4 billion in December 1964 and together with \$59.4 billion in installment credit made up the \$76.8 billion figure of outstanding consumer credit. *Id.* at 304.

¹⁶² Disposable personal income includes income from sources other than employment. Compensation to employees was \$361.7 billion in 1964. *Id.* at 318.

¹⁶³ *Wall Street Journal*, May 14, 1965, p. 1, col. 8.