the right along the steeper line means that he is borrowing to increase his present consumption at the expense of future diminished consumption; the slope of this line reflects the relatively high borrowing rate. Moving to the left on the less steep line represents saving out of present income at the relatively low interest rates that can be earned on savings accounts and other assets. It can be seen from the diagram that point *a′*, the point of tangency between the saving line and an indifference curve, is the preferred point that this individual can reach: it is on the highest attainable indifference curve. Point *b* (Figure 13-b) illustrates the case where the individual will borrow and thereby reach the preferred point *b′*, while point *c* (Figure 13-c) represents a situation where the individual does not find it worthwhile to lend at low rates or to borrow at high rates, and so simply spends his current income.

There are several fundamental factors which determine the general shape of a particular consumer's indifference map in any one period. First, there is the phase of the consumer's life cycle of earnings and of expenditure needs. A young married person—with an expectation of a rising income, with dependent children, and with large needs to fully equip his household with standard durables—has a high preference for current consumption expenditures. An older person, expecting a falling income and retirement, saves to increase his consumption later on, and so on. Second, an individual's attitude toward satisfaction enjoyed at different points of time will be reflected in this preference map. People with a very short horizon will have strong preferences for present consumption, while misers will favor the reverse. Third, a person's need and desire for providing for financial contingencies will help to determine these preferences. Many other factors could be cited, but this brief list at least indicates their general nature.

Much of consumer borrowing is for the sake of purchasing durables before sufficient cash can be set aside to pay for them; all mortgages and most installment paper fall in this category. Such borrowing, in a sense, is for investment rather than consumption, for in each instance the asset yields a return to the owner. The return may be monetary; a house, for example, reduces rent payments. It may be a saving of labor, as in the case of washing machines. The rest of the return may be in the form of satisfaction enjoyed directly, sometimes as extra convenience, often as the enjoyment of consumption through use of the durable. But whatever the form of the return, a rational consumer will borrow at a