

The Pattern of Consumer Debt, 1935-36

By BLANCHE BERNSTEIN

Financial Research Program

Studies in Consumer Instalment Financing 6

NATIONAL BUREAU OF ECONOMIC RESEARCH

The Pattern of Consumer Debt, 1935-36

This book presents a statistical analysis of the pattern of consumer debt of non-relief families. It provides information on:

the frequency of retail instalment, cash loan and charge account debt;

the distribution of debtors by income level;

change in amount of indebtedness—its dollar volume and distribution;

the pattern of increase and decrease in retail instalment, cash loan and charge account debt;

variations in the pattern of consumer debt by region and type of community;

instalment debt—its pattern by type of commodity; variations by occupational group and size of family;

consumer credit—the market for it and its function as an addition to purchasing power.

The basic data were obtained from the Study of Consumer Purchases, a project of the Works Progress Administration in 1936.

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Studies in Consumer Instalment Financing:
Number Six

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The Pattern of
Consumer Debt, 1935-36
A STATISTICAL ANALYSIS

BY BLANCHE BERNSTEIN

Financial Research Program

Studies in Consumer Instalment Financing

6

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Preface

THE National Bureau of Economic Research inaugurated in 1938 a broad program of research in finance, under grants from the Association of Reserve City Bankers and the Rockefeller Foundation. The initial project of this program has been a comprehensive investigation of the instalment financing of consumers. The present study of the pattern of consumer debt in 1935-36 embodies the findings of a special inquiry undertaken in connection with this investigation. It is based on data assembled by the Study of Consumer Purchases, a Works Progress Administration project conducted by the United States Bureau of Home Economics and the United States Bureau of Labor Statistics in cooperation with the Central Statistical Board and the National Resources Committee. The immediate tabulations of consumer indebtedness, or more strictly of net change in such debt during 1935-36, have been generously made available to us by the Bureau of Home Economics and the Bureau of Labor Statistics, and the National Bureau is under special obligations to these agencies, to the National Resources Committee, and to their technical staffs, for helpful cooperation in all phases of the work.

The findings of this study provide a factual socio-economic setting for our other studies in the field of consumer instalment financing. From the data made available to us, we have been able to picture statistically the pattern of debt for instalment purchases, of cash loan debt, and of charge account debt, by income classes, types of community, and geographic regions. The study thus serves to distinguish the social and economic strata which made the greatest use of consumption

credit in its principal forms during the period covered by this survey.

Working with sample data tabulated from the expenditure schedules of some 60,000 families assembled by the Study of Consumer Purchases, Miss Bernstein has developed estimates of net change in consumer indebtedness by types of debt for the country as a whole. The methods of estimate employed were originally developed by the National Resources Committee in its studies of consumer incomes and expenditures in the United States and we are indebted to Dr. Hildgarde Kneeland for making these procedures available to us. A statistical undertaking of this character requires patience and diligent effort, and Miss Bernstein has combined these with resourcefulness and ingenuity in dealing with the many special problems which have inevitably appeared.

A body of economic data as rich as that herein analyzed is difficult to compact in generalization. Miss Bernstein has therefore presented in appendices, for the further use of interested readers, the many tables whose preparation has seemed requisite to her objectives. These data, like any socio-economic data, have their special attributes which serve also to limit their application. We caution others who find them significant to read carefully Chapter 1 and Appendix E, in which their characteristics and limitations have been defined.

RALPH A. YOUNG, *Director*
Financial Research Program

August 1940

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THE present study has been carried out under the direction and supervision of Ralph A. Young, to whom I am greatly indebted for many valuable suggestions. I should like also to acknowledge that much of the material on instalment debt presented in Chapter 2 of this volume was included in the bulletin of the National Bureau of Economic Research, *The Statistical Pattern of Instalment Debt*, by Dr. Young and myself.

Faith Williams of the Bureau of Labor Statistics, Day Munroe and Dorothy Brady of the Bureau of Home Economics, Hildegarde Kneeland of the National Resources Committee and Milton Friedman of the National Bureau staff all generously gave much helpful advice in matters of method. For very constructive criticism of the first draft of the study I am deeply grateful to James W. Angell, Morris Copeland, Milton Friedman, Hildegarde Kneeland, Simon Kuznets, W. W. Riefler, and Leo Wolman.

Finally, I should like to thank Bettina Sinclair for her painstaking editing of the text and tables, both of which are greatly improved as a result of her work; Pauline Arkus, Peter Franck and Esther Skala, members of the statistical staff, for their able assistance; and H. Irving Forman for his skilful drawing of the charts.

BLANCHE BERNSTEIN

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Summary Survey

THIS statistical analysis of the pattern of consumer debt, 1935-36, has been prepared from a sample of some 60,000 expenditure schedules for non-relief families, giving information on the net change in their instalment debt, cash loan debt, and charge account debt. On the basis of tabulations covering this sample, estimates have been developed (a) of the percentage of non-relief families in the several income groups whose instalment debt, cash loan debt or charge account debt increased or decreased during the period 1935-36, (b) of the dollar volume of both gross and net change in indebtedness, and (c) of the distribution of such debt change among income groups. Geographical breakdowns of country-wide estimates have been possible for each type of consumer debt, and for instalment debt alone, breakdowns by type of commodity financed, by broad occupational classes and by family size.

Generalization of findings is restricted by the limitations of the original sample. Data were available only for non-relief families, native white and Negro. Single individuals, families classified as foreign-born, and all families on relief were excluded. Finally, data were lacking for the very lowest income groups in some types of community and for the highest in others—shortcomings which necessitated the construction of special estimates for these groups. Thanks to the meticulous care with which the sampling procedure was worked out, the sample is nevertheless the most representative so far available in the field of consumer expenditures.

The pattern of consumer debt estimated from the sample data relates only to a single year in the expansion phase of

one business cycle. Data are not at hand to permit a determination of the pattern of consumer debt for other years or for other phases of the business cycle, but if such materials were available they might yield a statistical picture different from that developed in this study.

The findings of the study are stated compactly in the following summary. A full analysis, illustrated by charts, is contained in the chapters dealing with each type of consumer debt and with the market for consumer credit as a whole. Detailed statistics are presented in appendix tables.

THE FREQUENCY OF CONSUMER DEBT

Our estimates show that approximately one-quarter of all non-relief families in the United States had a net change in debt for instalment purchases, one-eleventh for cash loans, and one-ninth for charge account purchases during the period 1935-36. The latter figure undoubtedly underestimates the extent of use of charge account credit; the first two are closer approximations of the frequency of the types of debt to which they refer.

Frequency of instalment debt rose from 12 percent for families with incomes under \$500 to a peak of 32 percent for families in the \$1750-2000 level, and then declined steadily. Frequency of cash loan debt reached its highest point at the \$2500-3000 level, where it stood at 12 percent. Peak indebtedness for charge account purchases occurred in the lowest income level (under \$500), with almost 18 percent of the families in this grouping indebted, and then dropped continuously to 7 percent for families with incomes of \$5000 or more.

According to a rough estimate, over one-third of all non-relief families had a net change in consumer debt (all three types of indebtedness) during 1935-36. The frequency of debt rose from a minimum of about 28 percent in the income lev-

els below \$750 to a peak of almost 42 percent for families with incomes of \$1750-2000, and then declined consistently as income advanced until it stood at less than 23 percent for families with incomes of \$5000 or more.

THE DISTRIBUTION OF DEBTORS BY INCOME LEVEL

Twenty-six percent of the families with a net change in instalment debt, 32 percent of the cash loan debtors and 43 percent of the families indebted for charge account purchases had incomes under \$1000. The \$1000-2000 band included 48 percent, 42 percent and 38 percent of those indebted for instalment purchases, cash loans and charge account purchases respectively. About 27 percent of the instalment and cash loan debtors had incomes of \$2000 or more, as compared with 19 percent of the families indebted for charge accounts.

Almost 62 percent of the families with a net change in consumer debt had annual incomes between \$1000 and \$3000, 30 percent were below the \$1000 level and only 8 percent had incomes of \$3000 or more.

THE DOLLAR VOLUME OF DEBT CHANGE AND ITS DISTRIBUTION

The period 1935-36 witnessed a net increase in the volume of instalment debt outstanding amounting to almost \$408,000,000, of cash loan debt totaling about \$285,000,000, and of charge account debt reaching approximately \$112,000,000. About 19 percent of the net increase in instalment debt and 48 percent of the net increases in cash loan and charge account debt may be attributed to families with incomes below \$1000. Families in the \$1000-2000 income level were responsible for 48 percent, 38 percent and 28 percent of the net increase in instalment, cash loan and charge account

debt respectively. Those with incomes of \$2000 or more accounted for about 34 percent of the net increase in instalment debt, 23 percent of the increase in cash loan debt, and 14 percent of the increase in charge account debt. The non-farm market for retail instalment credit and the non-farm market for cash loan credit were found to be more similar than the all-inclusive markets just described.

The net increase in all three types of debt combined amounted to approximately \$805,000,000; of this total, the rise in instalment outstandings accounted for 51 percent, in cash loan debt for 35 percent, and in charge account debt for 14 percent.

Sixty percent of the net increase in the dollar volume of consumer debt outstanding was attributable to families with incomes of \$1000-3000 a year, 33 percent to families with incomes of less than \$1000 and less than 8 percent to families with incomes of \$3000 or more.

THE PATTERN OF INCREASE AND DECREASE IN CONSUMER DEBT

Among lower-income families there was a stronger tendency to increase obligations for each type of credit than among higher-income families; the movement toward growing indebtedness was most marked below the \$1500 level for instalment debtors, below the \$1250 level for cash borrowers, and below the \$1000 level for charge account debtors.

For all three types of credit, both the average dollar amount of increase and decrease in indebtedness rose as income advanced, but both average increase and average decrease constituted a constantly diminishing proportion of income as it moved upward.

Although families in all income levels increased consumer debt to a greater extent than they decreased it, lower-income

families exhibited the strongest tendency in this direction. It would appear, therefore, that consumer credit in the expansion year 1935-36 was applied primarily to the raising of living standards in anticipation of increasing income, and particularly by families whose need was greatest.

REGIONAL AND COMMUNITY VARIATIONS IN THE PATTERN OF CONSUMER DEBT

Instalment credit was most widely used in all but the very largest urban communities and least extensively in metropolitan areas and on farms. Frequency of cash loan debt was highest for farm families and lowest for those living in middle-sized cities. Charge account credit was less frequently used in metropolitan centers than in any other type of community.

Viewed regionally, instalment debt reached highest frequency in the Pacific region, whereas cash loan and charge account credit were used most extensively in the Mountain and Plain region. The lowest frequency of instalment debt was found in the North Central region, of cash loan debt in the South, and of charge account debt in the North Central region and in New England.

Consumer credit as a whole was used most widely by families in large and small cities and least extensively by families living in metropolises and on farms.

No pronounced variation in the cyclical response to consumer credit is to be observed from one type of community to another, except that farm families were less strongly inclined to increase obligations than families in other communities.

Consumer credit was used most extensively by families in the Mountain and Plain and Pacific regions and least in the North Central, but southern families above the \$2000 level tended to have the highest frequency of debt.

THE PATTERN OF INSTALMENT DEBT BY TYPE OF COMMODITY

Estimates based on data from metropolises, large cities and middle-sized cities indicate that almost one-third of the instalment debt changes related to purchases of furniture, one-fifth to automobiles, one-third to electric refrigerators and other electric equipment, one-twelfth to radios, and less than one-tenth to the miscellaneous category which includes "soft" goods. These data suggest that instalment credit was not widely applied to the sale of soft goods in 1935-36. On the other hand, since such goods are often sold on very short contracts, they may not have been adequately taken into account by the method employed in the gathering of the sample data, and it is probable, therefore, that the "miscellaneous commodity" category underestimates the number of instalment sales of soft goods during the period studied.

Almost 60 percent of the net increase in the dollar volume of instalment debt is credited to automobile purchases and another 25 percent to electric refrigerators and "other electric equipment." About 10 percent of the net debt increase resulted from purchases of radios and miscellaneous commodities. Instalment purchases of furniture accounted for only 6 percent of the net increase in the dollar volume of debt.

The different income groups varied in their preferences for commodities purchased on the instalment plan. For the income levels below \$1000, furniture was the commodity most frequently financed on instalment terms, with radios, "other electric equipment" and miscellaneous articles following in order of importance. Families with incomes between \$1000 and \$2000 contracted instalment debts for furniture, automobiles, electric refrigerators, and "other electric equipment" more frequently than for the remaining types of commodity. For families above the \$2000 level automobiles were the most common source of instalment obligations.

Many families, of course, carried instalment contracts for more than one type of commodity. As income rose up to the \$3000 level there was an increasing tendency for families to be indebted for more than one commodity; above that level the trend was reversed.

VARIATIONS IN INSTALMENT DEBT BY OCCUPATIONAL GROUP AND SIZE OF FAMILY

A comparison of wage-earning families with those in the "other non-farm" occupational group reveals that the former tended to use instalment credit more than the latter. Frequency of instalment debt was higher for wage-earning families than for other non-farm families in all income classes except the lowest. Frequency of instalment debt was far lower for farm families than for wage-earning or other non-farm families in every income level except that of \$5000 and over.

Wage-earning families tended to increase their instalment debt to a greater extent than other non-farm families in the period 1935-36. In both occupational groups, however, more families increased their obligations than reduced them.

The frequency of instalment debt did not vary markedly for families of different sizes except that two-person families used such credit less commonly than did larger families.

CONSUMER CREDIT AS A FACTOR IN PURCHASING POWER

The net increase in instalment debt added .9 percent to the aggregate income or purchasing power of all non-relief families during the period 1935-36, and the net increases in cash loan and charge account debt added .6 percent and .3 percent respectively. For the families which actually used it, however, instalment credit increased income by almost 4 percent, cash loan credit by 7 percent and charge account credit by 4 percent.

For the non-relief population as a whole the gross addition to purchasing power resulting from the use of consumer credit during this period came to less than 3 percent of the total income received and after subtraction for repayments the net addition to income was less than 2 percent, or approximately \$805,000,000. The entire class of families with incomes under \$500, however, added a net 10 percent to their immediate purchasing power through the use of consumer credit and families with incomes of \$500-2000 added from 2 to 5 percent. On the other hand, for families receiving more than \$2000 consumer credit was relatively insignificant as a source of funds for additional spending.

Consumer credit caused the distribution of purchasing power (aggregate income plus net increase in debt) to differ from the distribution of income alone only to a negligible degree during the period 1935-36.

Considered in the aggregate, without regard to income grouping, the families actually using consumer credit (approximately one-third of all non-relief families) increased their spending capacity by more than 5 percent. At the same time, debtor families in the lowest income group (below \$500) augmented their income by 38 percent; those in the \$500-750 group by 17 percent and those with annual incomes of \$750-1000 by nearly 10 percent.

Introduction

VERY few persons can be unaware of the spectacular rise of consumer credit in recent years. The evidences are all around us. We pick up a newspaper and learn that a great department store has modified its claim that "no one is in debt" to it and has devised a scheme for instalment payments to keep its tremendous stocks of merchandise in motion. We walk down the avenue and notice that a discreet sign in the window of a conservative banking institution invites us to discuss our need for immediate cash with a representative of its new personal loan department. If we twirl the radio dial at almost any hour of the day we become increasingly conscious of the vast array of goods and services that we are urged to acquire at once and to pay for "out of income."

The creation of new facilities and the expansion of older agencies testify to the rapid spread of consumer credit throughout the United States. These developments are, indeed, so much a matter of common observation that many persons have come to assume that instalment credit, cash loan credit and charge account credit are employed intensively by all strata of the population. At the same time there has been relatively little statistical information concerning the income levels, occupational groups, types of community and regions of the country in which the use of consumer credit has been concentrated.

AIM AND SCOPE

This study seeks to fill some of the gaps in our knowledge by presenting a statistical analysis of the pattern of consumer

debt for the period 1935-36, and thus delineating the broad outlines of the market for consumer credit. It contains estimates of the percentage of non-relief families whose instalment debt, cash loan debt and charge account debt either increased or decreased in this period, and of the distribution of the net increase ¹ in these forms of indebtedness. It indicates also, for each type of debt, which income groups were increasing and which were decreasing their obligations, the distribution of the gross increase ² and the gross decrease ³ in debt, and the addition to or drain upon income represented by these magnitudes. Finally it shows how families in different types of community and in the five regions of the country responded to the three forms of consumer credit which go to make up the entire market. The period to which the data apply was characterized by marked business activity, and the estimates therefore reflect the behavior pattern of consumers in relation to instalment, cash loan and charge account credit during the expansion phase of one business cycle.

Additional data, available only for instalment debt, have made possible a determination of the principal commodities for which families used this type of credit during 1935-36. Upon these data are based estimates of the percentage of families in different income groups which had a net change in debt for the purchase of automobiles, furniture, electric refrigerators, radios, other electric equipment and miscellaneous articles. Further breakdowns of the instalment debt data have permitted a calculation of the extent of use of such credit among wage-earning families as compared with families in other non-farming occupations, and a comparison of the debt patterns of families grouped according to the number of persons they comprised.

¹ Net increase in debt equals gross increase minus gross decrease.

² Gross increase equals the sum of the increases for families having a net increase in debt.

³ Gross decrease equals the sum of the decreases for families having a net decrease in debt.

SOURCE AND LIMITATIONS OF THE DATA

The Study of Consumer Purchases,⁴ which was the source of the basic data used in the subsequent statistical analyses, was a project of the Works Progress Administration. It consisted of an extensive field investigation conducted during 1936 in various communities throughout the United States. Data were collected in 51 cities, 140 villages and 66 farm counties in 30 states, chosen to represent different geographic regions, types of community and types of farming area. By means of this field investigation, information concerning expenditures and increases or decreases in instalment, cash loan and charge account debt during the preceding year⁵ was obtained from some 60,000 families, all non-relief and mostly native white.⁶

There is one important qualification regarding the basic data that the reader is urged constantly to bear in mind. On the original schedule the information obtained from each family referred only to *net change* in each type of debt during the year and not to the existence of instalment, cash loan and

⁴ The Study of Consumer Purchases is more completely described in National Resources Committee, *Consumer Expenditures in the United States* (1939), pp. 102-20 and in publications of the Bureau of Labor Statistics and the Bureau of Home Economics which present other analyses of the data. The tabulations of instalment debt in metropolises, large and middle-sized cities and small cities in the East Central and New England regions have been published in U. S. Bureau of Labor Statistics, Bulletin 648, Volume VIII, as *Changes in Assets and Liabilities in Selected Cities*. The data on cash loan and charge account debt for the communities just enumerated, also tabulated by the Bureau of Labor Statistics, are, however, unpublished, as are also the data, tabulated by the Bureau of Home Economics, on instalment, cash loan and charge account debt for small cities in regions other than the East Central and New England areas and for all village and farm communities.

⁵ The majority of the schedules covered the year ending approximately June 30, 1936, but some applied to the calendar year 1935, and others to the year immediately preceding the date of interview—in other words, a twelve-month period ending some time before or after June 30, 1936. In no case, however, did the schedule year end before December 1935, or after December 1936.

⁶ In the South, and in New York City and large cities in the North Central region, expenditure schedules were obtained also from Negro non-relief families.

charge account debt or to the total amount of such debt. Net change means simply the net increase or the net decrease in the balance due on instalment purchases, cash loans or charge account purchases. In the field of instalment credit, for example, a family that owed \$100 at the beginning of the year for an automobile purchased on the instalment plan and retired this debt completely during the year, would have reported a net decrease in debt of \$100. If the same family had bought another car during the year, for which purchase there was an unpaid balance of \$300 at the end of the year, it would have reported a net increase in instalment debt of \$200. Figures on the total dollar amount of each type of consumer debt, if they had been available, would have been easier to understand and perhaps somewhat more informative, but for most purposes data on the net change in debt have proven equally significant.

The method of reporting indebtedness employed by the survey has necessarily made impossible the inclusion in the data of families owing exactly as much at the end of the year as at the beginning for any type of consumer debt, or of families that had incurred a debt of this kind during the year and paid it off completely by the end of the year. The data do, on the other hand, cover families whose indebtedness existing at the beginning of the year was entirely liquidated by the end of the period.⁷

The estimates of instalment debt presented in this study cannot be considered completely representative of the number of families indebted during the year, since they do not take into account instalment debt of relatively short duration, that is, debt contracted after the beginning and paid off before

⁷ It may be contended that the data are subject to bias because the persons interrogated would have been more apt to remember and report increases rather than decreases in debt. While there may, for this reason, be some slight bias, the method employed to balance total income against total expenditures and net changes in assets and liabilities for each schedule undoubtedly eliminated the possibility of any pronounced distortion.

the end of the schedule year. Since instalment credit is most often applied to commodities sold on fairly long terms it is unlikely, however, that the number of families having recourse to it is underestimated to any great degree. Similarly for cash loan debt it may be assumed that the number of families having a net change in debt does not seriously misrepresent the number of families indebted for such loans during the year. But with regard to charge account debt it must be admitted at the outset that the limitations of the data have led to an undervaluation of the number of families indebted for charge purchases during the year; this type of credit frequently runs for very short terms and a large percentage of families which must have made charge purchases and paid them off during the period under discussion could not have reported a net change under the terms of the schedule. For all three types of consumer credit, short-term obligations in existence either at the beginning or at the end of the year are included, if they do reflect a net change in debt.

In order to avoid continual use of the expression "families having a net change in debt," the term "families indebted" has been adopted as a synonym to refer to families which during the year 1935-36 had increased or decreased their obligations.⁸ For similar reasons, the terms "frequency of debt" and "extent of use of instalment (or cash loan or charge account) credit" are employed to represent the percent of families having a net change in debt or the percent of families indebted during the year.

The relation of these terms to the actual data should be made explicit. Figures showing the number of families with a net change in debt necessarily overestimate the number of families indebted at the end of the year, because the category

⁸ As has been pointed out, data on net change in debt do not seriously underestimate the number of families indebted during the period under discussion for either instalment purchases or cash loans. Special care must, however, be applied to the interpretation of the term "families indebted" in connection with the discussion of the pattern of charge account debt in Chapters 4 and 5.

of families decreasing debt includes both those still indebted at the end of the period and those whose obligations have been entirely liquidated. It is impossible from available data to gauge the importance of this latter group and thus to indicate the degree to which the number of families indebted at the end of the year is overestimated. The number of families increasing debt would be the minimum number that could be described as indebted at the end of the year.

It is important also to avoid misinterpretation of the phrase "extent of use of instalment (or cash loan or charge account) credit." As the term is used here, it pertains to the percent of families making payments on such obligations, whether incurred in the given year or earlier—in other words, to the percent of families having a net change in debt in the period covered.⁹ Thus "extent of use" does not mean simply the percent of families contracting debts for instalment or charge account purchases or for cash loans during the year. Such an interpretation of the term, it is true, is approximated in the data by the percent of families increasing debt, but since some families which were decreasing rather than increasing debt may also have incurred new debts whose effect is counterbalanced by repayments on old debts, the percent of families increasing debt must be considered only a rough indication of the proportion of families making new purchases or contracting new loans during 1935-36.

Another limitation of the data arises from the fact that the original expenditure schedules were obtained from *non-relief* families, for the most part native white. Single individuals were excluded,¹⁰ as were families on relief or of foreign

⁹ Although the discrepancy is undoubtedly slight, it should not be forgotten that families having a net change in debt and families making instalment payments during the year are not actually identical, since families owing as much at the end as at the beginning of the year, and families incurring and paying off obligations within the year, would not be included among the former.

¹⁰ Except in two cities, Chicago and Portland (Oregon), but these data have not been incorporated in our estimates.

birth. There are no data to indicate whether or not the instalment, cash loan and charge account debt patterns for the families actually covered would apply to these groups as well. Finally, in each type of community data are lacking for certain income classes—the very high income groups in some cases, the very low in others.

Appendix E to this study discusses in detail these limitations in the nature and coverage of the data and assesses their bearing on the final results. At this point we shall simply mention certain major qualifications which it would be advisable for the reader to remember. In the first place, since the data which serve as a basis for this study refer to net change in debt, no effort is made to estimate the total debt outstanding; ¹¹ we present here only estimates of the *changes* in outstanding indebtedness for the 12-month period extending approximately from July 1935 to June 1936.¹² In the second place, our estimates of the total number of families having a net change in debt and of the total dollar volume of changes in debt are based not on a complete enumeration but upon the extension of a sample comprising approximately 60,000 families.¹³ Appendix E outlines the methods by which national

¹¹ Such estimates are presented in National Bureau of Economic Research (Financial Research Program), *The Volume of Consumer Instalment Credit, 1929-38*, by Duncan Holthausen in collaboration with Malcolm Merriam and Rolf Nugent (ms. 1940).

¹² See above, p. 13, footnote 5, and below, Appendix E.

¹³ This sample represents only a small proportion of the total number of non-relief families in the country. The degree of possible error depends, however, not on the percentage of coverage but rather on the absolute number of cases on which the estimates are based and upon their representativeness of the various types of families in the population. The several government agencies concerned with the Study of Consumer Purchases, from which the data for this study were obtained, applied a variety of techniques designed to insure the representativeness of the sample. The collections and analyses of the data were planned with meticulous attention to detail, the personnel was carefully selected and trained, a system of check interviewing was devised to render the schedules reliable, and methods were adopted to insure the randomness of the sample. The National Resources Committee concludes that "representativeness has been achieved in this sample to an extent far greater than in

estimates of consumer debt were built up from this sample. Furthermore, for the analysis of instalment debt by type of commodity purchased, the estimates are derived from a smaller sample, consisting of families living in the larger-sized communities. Finally, it must not be forgotten that the data apply to a single year only, occurring in a period of business expansion, and that the detailed pattern of consumer debt worked out from these figures is pertinent only to a cyclical upswing. By no means may it be assumed that a pattern of debt similar in all respects would prevail during a deflationary period. For instance, the pattern developed in this study indicates that during 1935-36 there was a net increase in consumer debt outstanding, whereas a study of the volume of consumer instalment debt for the period 1929-38 shows that there was a net decrease in outstanding debt in periods of recession.¹⁴ During periods of slackening economic activity, then, one might expect a net decrease rather than a net increase in consumer debt. Such a situation might well be accompanied by a somewhat different distribution of the families indebted for retail instalment purchases, cash loan or charge account purchases, for during a slump the lower-income groups might find it less easy to obtain credit. We have noted, too, that for the several types of consumer credit lower-income families tended to increase indebtedness to a greater extent than did higher-income families during the expansion period 1935-36. An assumption that such a tendency would persist during a deflationary period appears unwarranted. On the other hand, it seems fairly reasonable to assume that in general the variations in the use of consumer credit according to types of community and regions of the country which have been found for 1935-36 would persist in other phases of the business cycle.

any previous study of the consumption habits of the American people." National Resources Committee, *Consumer Expenditures in the United States* (1939), p. 107.

¹⁴ Holthausen, Merriam and Nugent, *op. cit.*, Table C-1.

Retail Instalment Debt

THE FREQUENCY OF INSTALMENT DEBT¹

ON THE basis of sample data, it is estimated that in the year 1935-36 some 5,877,000 families, or almost one-quarter of all the non-relief families in the United States, had a net change in their indebtedness for instalment purchases.² The extent of use of instalment credit as indicated by these data varied considerably at different income levels. Among the very poorest families, those with annual incomes under \$500, as large a proportion as 12 percent used this form of credit. With successively higher income levels the frequency of debt rose steadily, reaching a peak of 32 percent in the \$1750-2000 band.³ It then began to decline, by slight gradations for the two groupings between \$2000 and \$3000 and by much broader steps thereafter, until it stood at 15 percent for families with incomes of \$5000 and over.

Of the families indebted for instalment purchases, over 90 percent had incomes of less than \$3000 a year. About one-quarter of these debtors received less than \$1000, almost half from \$1000 to \$2000 and another quarter \$2000 or more.

¹ For complete data on this topic see Tables A-1, A-2, A-3 and A-4 in Appendix A. All tables pertinent to this chapter are to be found in Appendix A, and are referred to hereafter simply as A-4, A-5, etc. A similar procedure will be followed for Chapters 3, 4 and 5, for which tables will be cited as B-1, etc., C-1, etc., and D-1, etc., respectively.

² The material presented in this chapter is based largely upon *The Statistical Pattern of Instalment Debt*, by Ralph A. Young and Blanche Bernstein, National Bureau of Economic Research, Bulletin No. 76-77 (1939).

³ Throughout this study, each income level is inclusive of the lower limit and exclusive of the upper limit; thus an income of exactly \$1000 is included in the \$1000-1250 income group.

Although those with incomes below \$1000 accounted for about a fourth of all debtor families, they are credited with less than 20 percent of the total net increase in instalment debt which is estimated at \$407,600,000 for the period under discussion. The share of this total net increase attributed to families with incomes from \$1000 to \$2000 was about equal to the representation of that group in the entire body of debtors—approximately 50 percent. The top grouping, on the other hand, had a disproportionately large share of the net increase—over 30 percent—as compared with its share of instalment debtors.

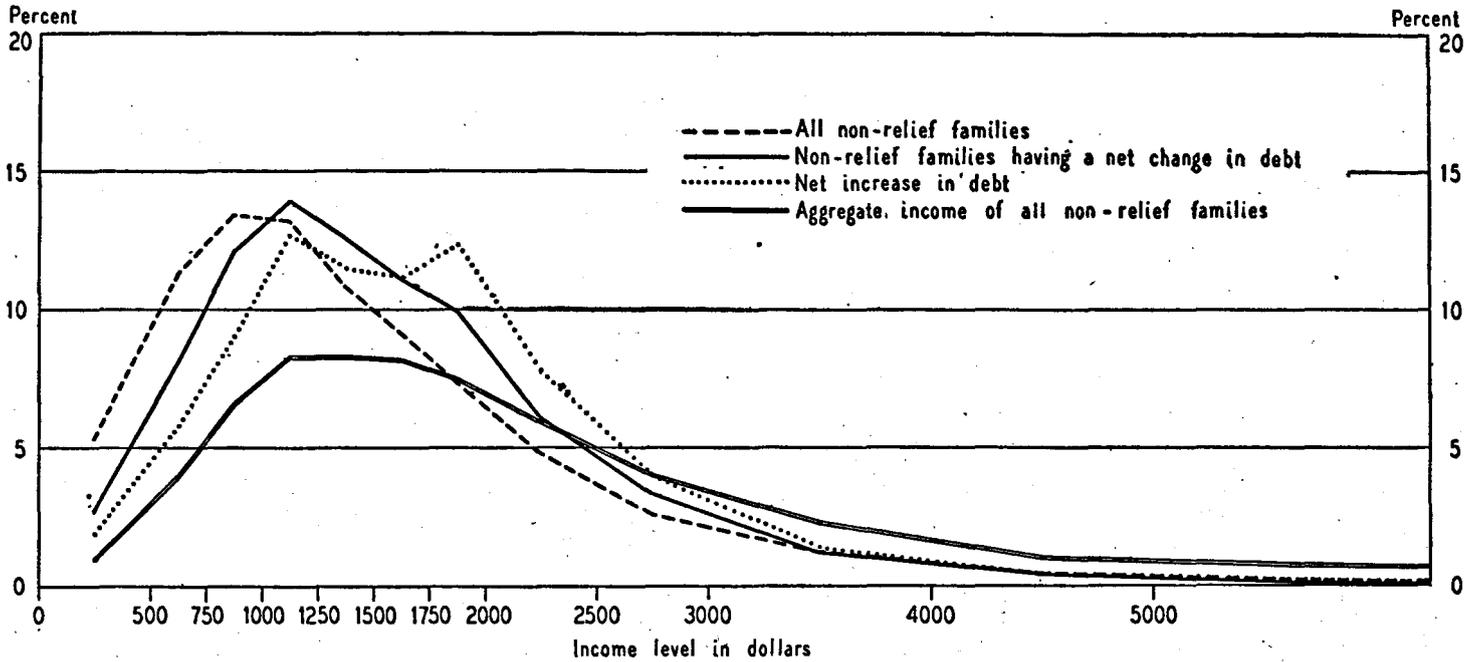
Within each income class below \$1000, as the percentage distribution in Chart I shows, the proportion of all families indebted for instalment purchases was smaller than the proportion of all non-relief families. Moreover the segment of the net increase in instalment debt ascribed to these income groups was disproportionately slight as compared with their share of all non-relief families or of families owing instalment debts. Virtually every income class between \$1000 and \$3000, on the other hand, not only constituted a larger proportion of instalment debtors than of the non-relief population but also accounted for a greater share of the net increase in debt.⁴

When the distribution of the net increase in debt is compared with the distribution of the aggregate income of all non-relief families, it is found that families in each income level below \$2500 had a larger share of the net increase in debt than of the total income. Almost 82 percent of the net increase in instalment debt was attributable to families with incomes of less than \$2500 a year, although families in that group received only 57 percent of the aggregate income. On the other hand, families with \$2500 or more received 43 percent of the total income but accounted for only 18 percent of the net increase in instalment debt.

⁴ Except the income class \$1000-1250, which had a slightly smaller share of the net increase in debt than of all non-relief families.

Chart I

Percentage Distribution of All Non-Relief Families, of Non-Relief Families Having a Net Change in Instalment Debt, of the Net Increase in Such Debt, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Income Level



It is of particular interest to determine at this point the degree to which instalment credit augmented the purchasing power of non-relief families. For all non-relief families considered together, this form of credit effected a net addition to the aggregate income of only .9 percent in the period 1935-36. But if we study the distribution of this addition according to income level, we find that for families receiving less than \$500 the increase amounted to almost 2 percent of their income, that for families whose income ranged from \$500 to \$2500 it fluctuated between 1.2 and 1.5 percent, and that for families with more than \$2500 it declined considerably. Thus for the level of \$5000 and over the addition to purchasing power represented by the net increase in instalment debt came to as little as .1 percent of the total income.

If we consider only the families using instalment credit, we find that they increased their purchasing power by almost 4 percent. This addition to income amounted to as much as 15 percent for families with receipts of less than \$500, to 8 percent for families with \$500 to \$750, and to almost 6 percent for those with incomes between \$750 and \$1250 per year.

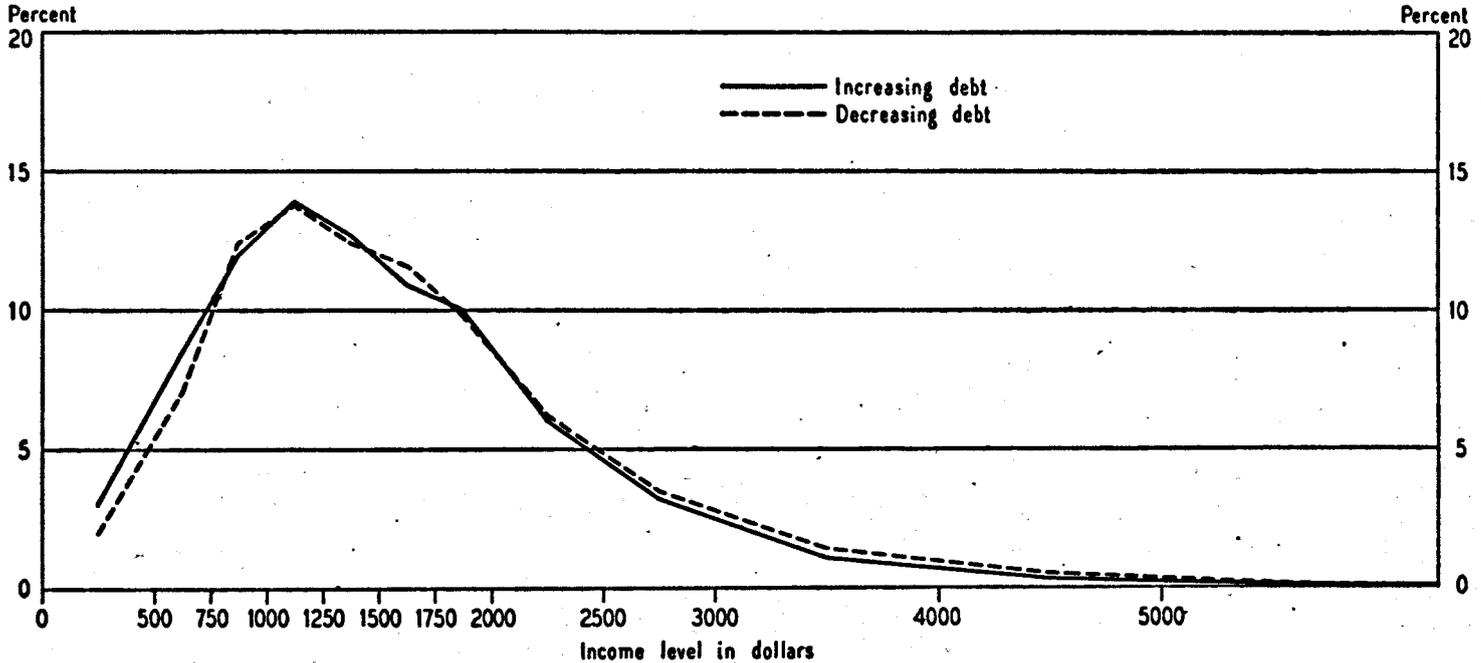
THE PATTERN OF INCREASE AND DECREASE IN INSTALMENT DEBT⁵

Far more families were increasing their debts for instalment purchases during the period under discussion than were reducing them. Of the 5,877,000 families with a net change in instalment debt, 70 percent owed more at the end of the period than they had at the beginning and only 30 percent had decreased the amount due. If these families are classified by income level, the ratio of the number increasing debt to the number with a net change in debt is found to have been highest (77 percent) for the poorest group, those receiving less than \$500 per year, to have declined more or less steadily

⁵ See Tables A-2, A-3, A-5, and A-6.

Chart II

Percentage Distribution of Non-Relief Families Increasing Instalment Debt and of Non-Relief Families Decreasing Such Debt, 1935-36, by Income Level



RETAIL INSTALMENT DEBT

to 62 percent at the \$4000-5000 level and then to have risen to 69 percent for families with incomes of \$5000 or more.

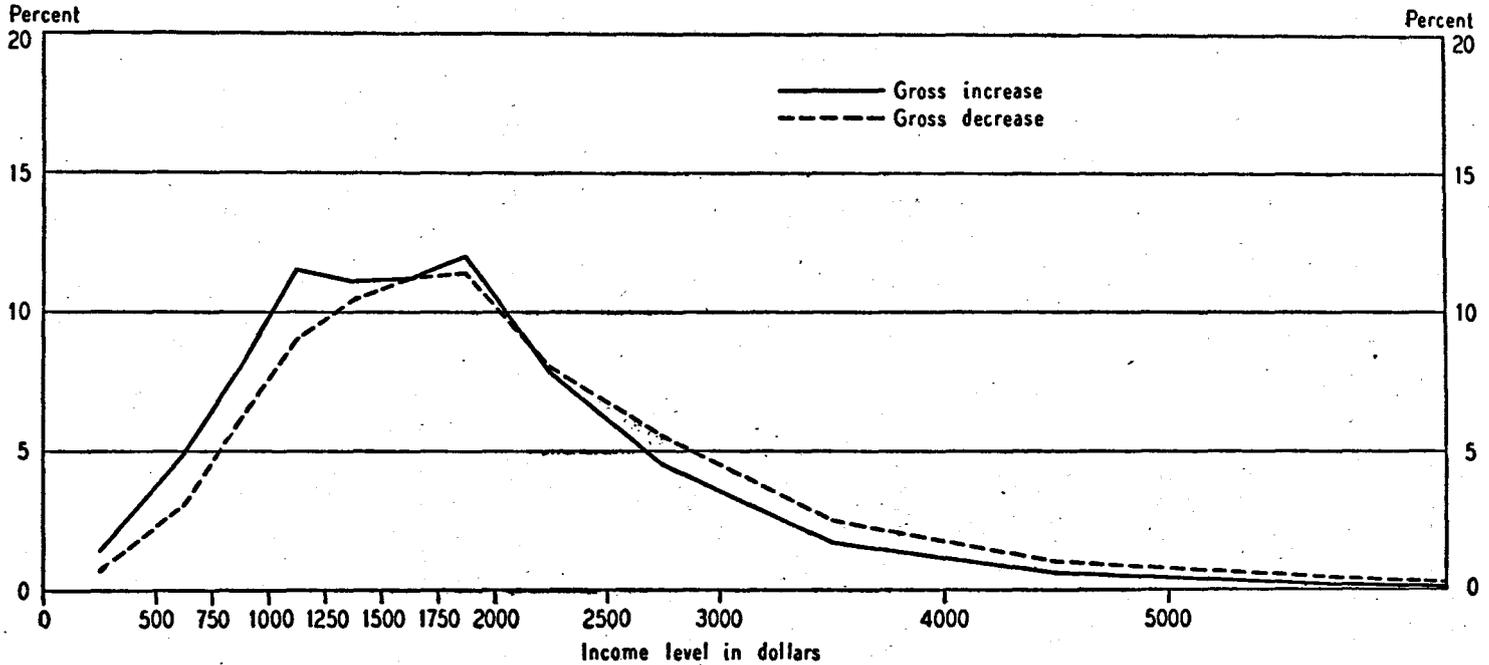
The tendency for lower-income families to increase instalment debt more than higher-income families during an expansion period is illustrated in Chart II. Most of the income classes below \$1500 and all the classes below \$750 had a larger proportion of families increasing debt than of families decreasing it. As Chart III shows, these income groups were responsible for a larger share of the gross increase in debt (38 percent) than of the gross decrease (30 percent). The income levels above \$1500, on the other hand, embraced 50 percent of the families reducing instalment debt and 47 percent of those augmenting it. The two classes between \$1500 and \$2000 accounted for more of the gross increase than of the gross decrease, but for families with over \$2000 the relationship was reversed, for almost 48 percent of the gross decrease and only 39 percent of the gross increase was attributable to these income classes.

Families whose annual incomes fell below \$1500 supplied a smaller share of the gross increase in debt than of the families increasing debt, and a smaller share of the gross decrease than of the families decreasing debt. It may be inferred, therefore, that families in these low-income groups owed less money for instalment purchases than did the higher-income families. Families above the \$1500 level held more than proportionate shares of both the gross increase and the gross decrease in instalment debt.

These differences reflect the fact that both the average addition to debt for families increasing the amount due and the average reduction effected by families decreasing their obligations rose with successive income levels. This finding bears out two rather general observations: first, that instalment credit purchases, like cash purchases, are usually conditioned by the size of a family's income; and second, that the use of instalment credit does not markedly alter the restric-

Chart III

Percentage Distribution of Gross Increase and Gross Decrease in Instalment Debt for Non-Relief Families, 1935-36, by Income Level



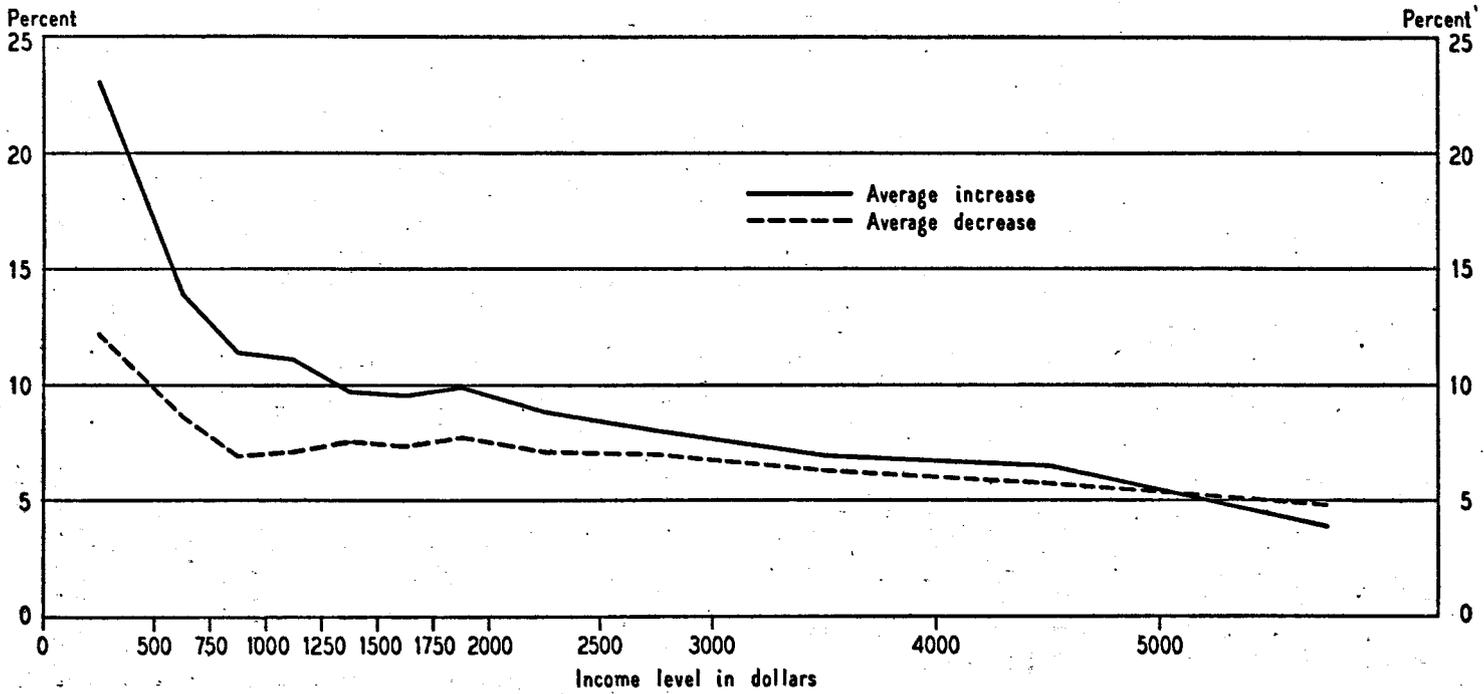
tions imposed by income upon the quality and quantity of goods bought. The lower-income groups appear, however, to have allocated a considerably larger percentage of their income to instalment purchases than the higher-income families. Thus, as Chart IV shows, for the group receiving less than \$500 per year the average increase in instalment debt amounted to as much as 23 percent of the average annual income. This ratio dropped to 14 percent in the \$500-750 level and continued to fall until it stood as low as 4 percent in the highest-income group. There was a decline also in the proportion of family income represented by the average decrease in instalment debt, from 12 percent in the lowest-income class to less than 9 percent in the \$500-750 level and finally to less than 5 percent in the \$5000-and-over class.

Average increase in instalment debt rose from \$72 in the lowest band to \$336 in the highest, and was larger than average decrease in every income class except the \$5000-and-over group. The range was much broader for average decrease, which moved upward from \$38 in the under-\$500 level to \$411 in the \$5000-and-over group. The fact that average increase is larger than average decrease is to be explained in part by differences in the average duration⁶ of instalment contracts. It indicates, moreover, that average instalment purchases per family were larger during 1935-36 than in the preceding year. Indeed there may well be a general tendency for instalment commitments to be larger on the average during periods of revival than during periods of recession. Finally, it is possible to observe from the data at hand certain variations among the several income classes within this broad movement toward an increase in instalment indebtedness. These differences are suggested by the downward trend of the ratio of average increase to average decrease in debt for the successive income levels. Thus although this ratio

⁶ The longer the typical duration of the instalment contract for the commodity purchased, the greater the bias toward a larger average increase rather than a larger average decrease in debt.

Chart IV

Ratio of Average Increase and of Average Decrease in Instalment Debt for Non-Relief Families to Average Income of Such Families, 1935-36, by Income Level



stood just under 2 for the level below \$500, it declined to 1.3 for the \$1250-2000 level, to 1.1 for families receiving between \$2500 and \$5000, and to .8 for those with incomes of \$5000 and over.⁷ We may conclude, therefore, that lower-income families exhibited a stronger tendency than did higher-income families to increase the amount of their instalment indebtedness in 1935-36.

DIFFERENCES IN INSTALMENT INDEBTEDNESS IN TWO OCCUPATIONAL GROUPS⁸

When the non-relief families which derived the major portion of their incomes from endeavors unrelated to farming are divided into two broad occupational groupings—wage-earning and other non-farm occupations—it is found that the former tended to use instalment credit more than the latter. Thus 30 percent of the families in the wage-earning group had a net change in instalment debt in the period 1935-36 as compared with 26 percent of the families in other non-farm occupations. Though wage-earning families constituted less than 53 percent of the entire non-farm population, they made up 56 percent of the non-farm instalment debtors. These families were responsible, however, for a less than propor-

⁷ This relationship results in part from the fact that the commodities most frequently purchased on instalment terms vary as income increases, with the lower-income groups apparently tending to buy the commodities generally sold on longer terms. The tendency for the ratio of average increase to average decrease to decline as income rises is apparent also, however, when these data are presented separately for each commodity, though it is neither as consistent nor as pronounced as it is when all commodities are combined. (See below, pp. 34-40.)

⁸ See Tables A-7 through A-12. The occupational status of the family was determined by the major source of family earnings; thus if members of the family received earnings from two or more occupations, the family was classified according to the occupation from which the greater proportion of total family earnings was derived. The "other non-farm" category includes professional and business occupations, whether salaried or independent, and clerical occupations.

tionate segment (47 percent) of the net increase in instalment debt for all non-farm families. Families in other non-farming occupations, on the other hand, accounted for a less than proportionate share of the instalment debtors but for a disproportionately large share of the net increase in instalment outstandings. When we compare the distribution of non-farm income among occupational groups with the distribution of the net increase in debt we find, however, that although wage-earning families received one-third of the non-farm income⁹ they contributed almost half of the net increase in instalment debt. Other non-farm families incurred a less than proportionate amount of the debt increase in comparison to their share of the total non-farm income.

As Chart V shows, frequency of instalment debt was higher for wage-earning families than for other non-farm families in all income classes except the lowest. In both occupational groups the percent of families indebted rose as income advanced, reaching a peak at the \$1750-2000 level; at this point 39 percent of the wage-earning families and 32 percent of the other non-farm families were indebted for instalment purchases.¹⁰

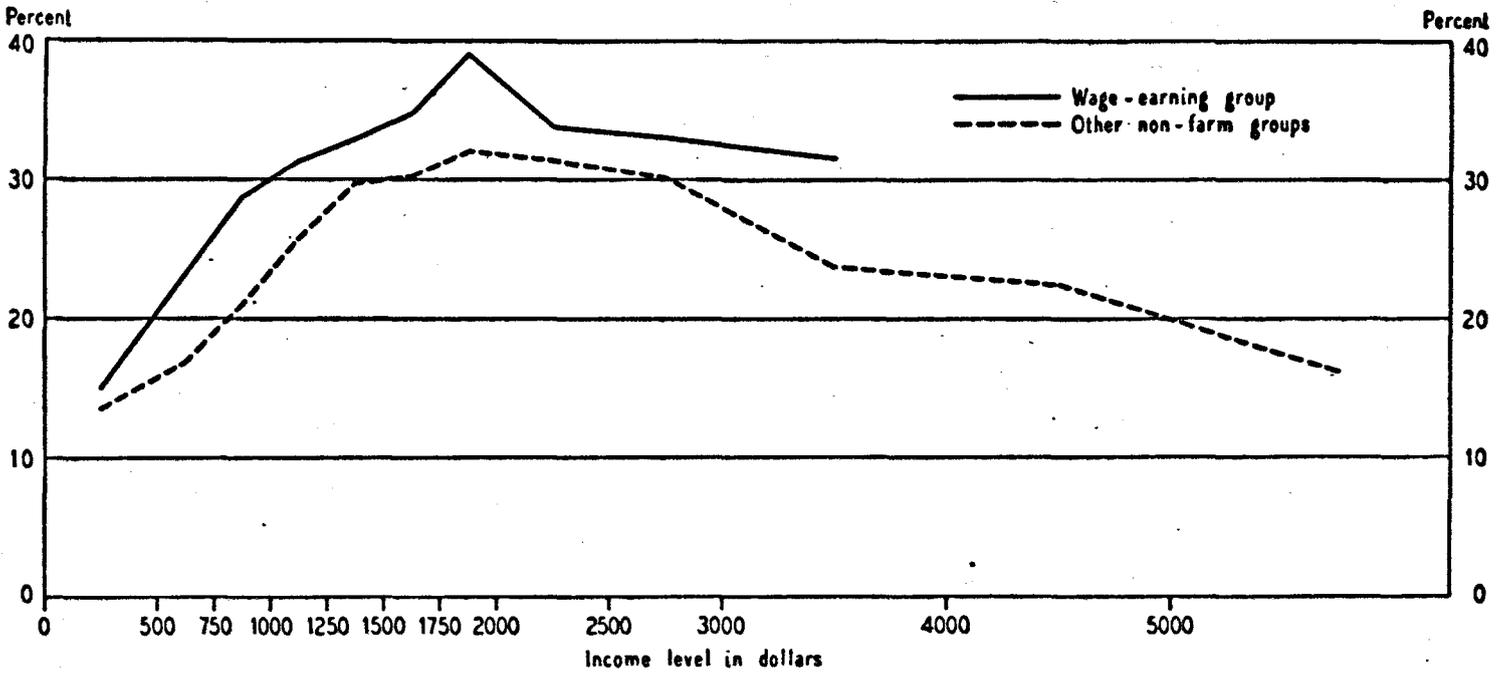
Farm families will be discussed at greater length in the section relating to differences in the use of instalment credit by types of community. Considering them here briefly as an occupational group, we note that the frequency of instalment debt was much the lowest for farm families as compared with wage-earning or other non-farm families in every income

⁹ National Resources Committee, *Consumer Incomes in the United States* (1938) Table 9, p. 26.

¹⁰ No data were available for wage-earning families with incomes of \$3000 and over or for such families with incomes in excess of \$2500 if they lived in small cities or villages. Estimates for the \$2500-3000 level were made for these smaller types of community where required and in all cases for wage-earning families with incomes of \$3000-4000 (except in metropolises for which adequate data were available), but it was thought quite unreliable to extend these estimates beyond the \$4000 level. Less than 1 percent of the wage-earning families had incomes of \$4000 or more.

Chart V

Percent of Non-Relief Families Having a Net Change in Instalment Debt, 1935-36, in Two Occupational Groups, by Income Level



level except that of \$5000 and over.¹¹ Less than 12 percent of the farm families were indebted for instalment purchases whereas 30 percent of the wage-earner and 26 percent of the other non-farm families were so indebted.

The observation that wage-earning families tend to make more extensive use of instalment credit than other non-farm families is substantiated by further analyses of the data according to income levels and types of community. Such breakdowns indicate, for example, that wage-earning families had a higher frequency of instalment debt than other non-farm families with equivalent incomes in all types of community.¹²

Wage-earning families, furthermore, tended to increase their instalment debt to a greater extent than other non-farm families, although in both occupational groups more families were increasing their obligations than were reducing them. Of the indebted wage-earning families, two and one-half times as many had an increase as had a decrease in debt, whereas for other non-farm families indebted the ratio was 2.2. This tendency was especially marked in the income classes below \$750; of the families in these low-income groups which had a net change in debt, almost 80 percent of the wage-earners but only 70 percent of other non-farm families increased their instalment obligations. Above the \$750 level only a slightly larger percentage of wage-earning (as contrasted with other non-farm) families indebted for instalment purchases had an increase in debt.¹³ Wage-earning families comprised 57 percent of the families increasing debt as com-

¹¹ See Table A-23.

¹² It is worth noting also that type-of-community differences in the use of instalment credit (see below, pp. 40-45) were not submerged by occupational differences. Frequency of debt was higher for wage-earning families with equivalent incomes living in large cities than for those in middle-sized cities, and lowest for wage-earning families in metropolises than for such families in any other type of community. Other non-farm families showed similar tendencies.

¹³ Except in the \$1250-1500 level where the percentage was higher for other non-farm families.

pared with 53 percent of the families decreasing it; for other non-farm families the percentages were 43 and 47 respectively.

If we consider the gross increase and the gross decrease in instalment debt for the year 1935-36, we find that wage-earning families had a slightly larger share of the former (45 percent) than of the latter (43 percent) but that they contributed smaller proportions of both the gross increase and the gross decrease than their numerical representation among families increasing and families decreasing debt would lead one to expect. In comparison with the wage-earners' share of non-farm income, which amounted to one-third, families in this category contributed more than proportionate shares of both the gross increase and the gross decrease in debt.

Within each of the two occupational groups, lower-income families increased their instalment indebtedness to a larger degree than higher-income families. There were, nevertheless, certain occupational differences with regard to the pattern of debt for the diverse income levels. Among wage-earners only the income levels below \$750 included a greater proportion of families increasing than of families decreasing debt; above this level the relationship was of course reversed. In the case of other non-farm families in the same income classes, and indeed in those up to \$1000, the proportions of families increasing instalment debt and of families decreasing it were fairly evenly balanced; but in the classes between \$1000 and \$2000 the proportion of families with rising debts was greater, and after the \$2000 level the opposite tendency prevailed. In terms of the volume of debt, each class up to \$2000 in the other non-farm group had a larger share of the gross increase than of the gross decrease in debt; above \$2000 the income groups moved in the other direction.

For wage-earning families augmenting their instalment debt, the average increase in the amount due was \$116, and for families of the same occupational status decreasing debt the average reduction came to \$93. For other non-farm fami-

lies average debt increase (\$177) was likewise larger than average debt decrease (\$139). Although frequency of debt was higher for the wage-earning group, the average rise in debt for the wage-earning families increasing their obligations was considerably smaller in each income class than the average increase in instalment debt for the other non-farm families which were also increasing debt. In each income class under \$2500 the average debt decrease was smaller for wage-earning families than for other non-farm families; in most instances, however, the differences were slight. It may be inferred from these data that the instalment purchases of wage-earners totaled less per family during 1935-36 than those of other non-farm families; but since the average decrease in debt was about the same for both occupational groups it appears that in the preceding year, 1934-35, average instalment purchases of both wage-earners and other non-farm families were approximately equal.

VARIATIONS IN THE USE OF INSTALMENT CREDIT ACCORDING TO SIZE OF FAMILY¹⁴

The extent of use of instalment credit does not appear to have varied markedly for families of different sizes except in the case of two-person families.¹⁵ Less than one out of six two-person families was indebted for instalment purchases as compared with more than one out of five among families with three to four, or five to six persons, and slightly less than one out of five among seven-person families. When families of different sizes are viewed according to their income classifi-

¹⁴ Data showing a breakdown for size of family by income level were available only for the North Central region. See Table A-13.

¹⁵ Two-person families married less than one year (who might be expected to do a considerable amount of instalment buying) were not considered in the Study of Consumer Purchases. According to information obtained from the Bureau of Home Economics such families accounted for about 2 percent of all families in the random sample. It may be calculated, therefore, that they constituted approximately 9 percent of all two-person families.

cation, however, certain variations in the instalment debt pattern do emerge. Thus below the \$2500 level, three-to-four and five-to-six-person families interchanged first and second place in frequency of debt, while the largest and smallest interchanged third and fourth place. Above the \$2500 income level the largest-sized families tended consistently to have the highest frequency of debt, and the other sizes followed in downward succession.

DIFFERENCES IN INSTALMENT INDEBTEDNESS ACCORDING TO TYPE OF COMMODITY PURCHASED¹⁶

Instalment credit, first used mainly for the purchase of furniture, began to advance rapidly in the early 1920's as a means of financing the purchase of automobiles. It has since been applied to the sale of many less durable commodities, and is today widely promoted even for "soft" or perishable goods. Estimates based on data from metropolises, large cities and middle-sized cities indicate that approximately 80 percent of the number of instalment debt changes in 1935-36 related to commodities other than automobiles. As may be observed from Chart VI, almost one-third of the instalment debt changes of families living in the types of community just enumerated may be ascribed to purchases of furniture, another third to electric refrigerators and "other electric equipment," one-fifth to automobiles, one-tenth to miscellaneous commodities and less than one-twelfth to radios.¹⁷

Since less than 10 percent of the number of debt changes were related to the miscellaneous category which includes soft goods, it may be inferred that in 1935-36 instalment credit had not yet made extensive inroads into the market for perishable commodities. Such an inference must be qualified, however, by the consideration that most instalment purchases

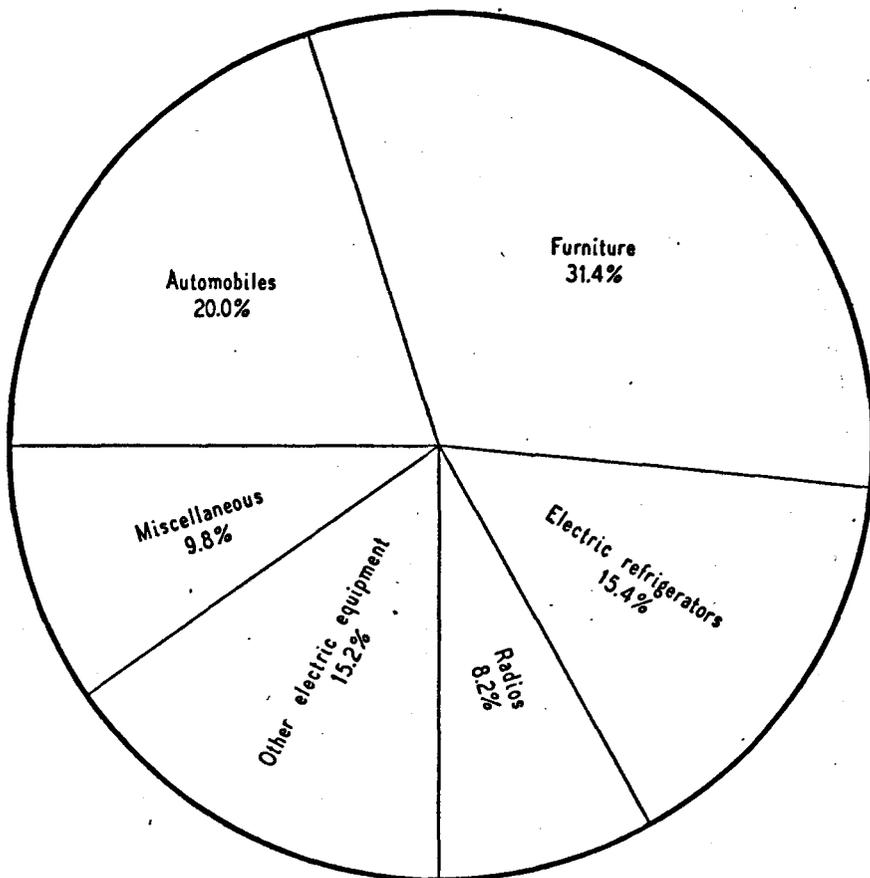
¹⁶ See Tables A-14 through A-22.

¹⁷ Radios are generally classed as electric equipment; in the present study, however, they are considered as a separate category.

Chart VI

Percentage Distribution of All Instalment Debt Changes for Non-Relief Families, 1935-36, by Commodity

(Number of debt changes)



of soft goods run on relatively short-term contracts which call for weekly payments. Inasmuch as families that incurred debts and paid them off within the year are not covered in our estimates, the data on the miscellaneous category probably understate the number of instalment transactions applied to soft goods during this period.

Almost 60 percent of the net increase in the dollar volume of instalment debt is credited to automobile purchases, as

Chart VII

Percentage Distribution of Net Increase in Instalment Debt for Non-Relief Families, 1935-36, by Commodity

(Dollar volume of debt change)

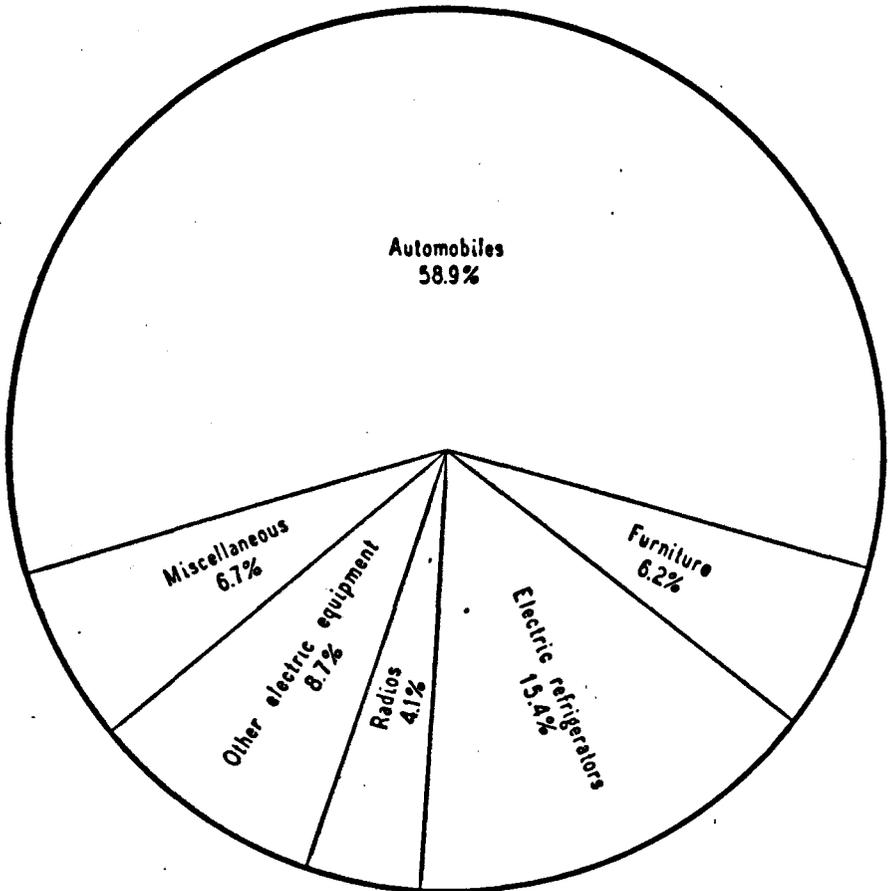


Chart VII indicates, and another 25 percent to electric refrigerators and "other electric equipment." About 10 percent of the net increase in debt resulted from purchases of radios and miscellaneous commodities. Though furniture loomed large in the number of debt changes, instalment purchases of furniture accounted for only 6 percent of the net increase in dollar volume of debt.

During the period covered by this study furniture and

electric refrigerator contracts gave rise to smaller shares (42 percent) of the total number of instalment debt increases than of the decreases (60 percent). The other commodities were credited with substantially larger shares of the debt increases than of the debt decreases. Furniture alone accounted for a larger share (37 percent) of the gross decrease in the dollar volume of instalment debt than of the gross increase (18 percent). Automobile purchases, the greatest single source of instalment debt in terms of dollar volume, were responsible for over 50 percent of the gross increase and for 37 percent of the gross decrease in instalment debt; the remaining commodities showed a less marked tendency to contribute more to the increase than to the decrease.

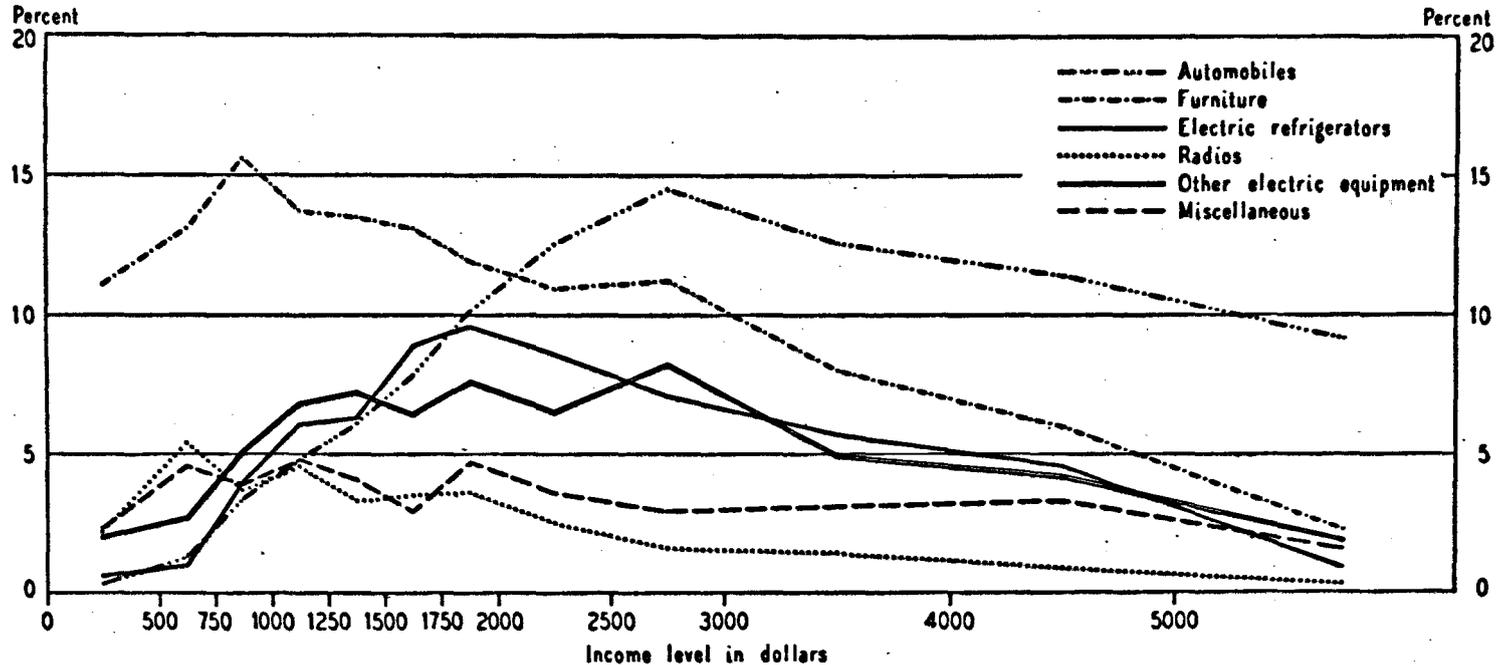
For all income levels combined, frequency of debt was highest for the instalment purchase of furniture, and was next to the highest for automobiles. The different income groups varied, however, in their preferences for certain commodities. An examination of Chart VIII reveals that in the income levels under \$1000, for example, furniture was the commodity most frequently financed on instalment terms, with radios, "other electric equipment" and miscellaneous articles following in order of importance. Families with incomes between \$1000 and \$2000 had contracted instalment debts for furniture, automobiles, electric refrigerators and "other electric equipment" more widely than for the remaining types of commodity. For families above the \$2000 level, automobiles were the most common source of instalment obligations.

Many families, of course, carry instalment contracts for more than one type of commodity. If the frequency of debt for all commodity groups¹⁸ is compared with the frequency of debt for each commodity for 1935-36, it appears that as income rose up to \$3000 there was an increasing tendency for

¹⁸ These data, which apply only to metropolises, large cities and middle-sized cities, are not presented in the tables.

Chart VIII

Percent of Non-Relief Families Having a Net Change in Instalment Debt for Six Types of Commodity, 1935-36, by Income Level



families to be indebted for more than one commodity at a time; above that level the trend was reversed.

A comparison of the distribution of families indebted for each type of commodity shows marked differences in the buying proclivities of the diverse income groups. While 25 to 30 percent of the families using instalment credit for the purchase of furniture, radios and miscellaneous commodities had incomes below \$1000, this income range covered only 6, 9, and 15 percent of the families indebted for automobiles, electric refrigerators and "other electric equipment" respectively. These families also were responsible for about 25 percent of the net increase in debt for furniture and radios, for over 15 percent of the net increase in debt for "other electric equipment" and miscellaneous commodities, for 12 percent of the net increase in debt for electric refrigerators, but for less than 3 percent of the net increase in debt for automobiles. Corresponding variations noted for other income groups would seem to indicate a fairly consistent relationship between commodity price, purchaser's income and the use of instalment credit to finance the purchase.

More families in each income group were increasing than were decreasing debt for every type of commodity financed on instalment terms. The ratio of families increasing debt to families decreasing debt was smaller, however, for families making payments for furniture and electric refrigerators than for those indebted for other commodities, perhaps because the two articles just mentioned are commonly sold on longer terms.

Increases in instalment obligations were relatively more numerous among families with incomes under \$2000 than among higher-income families for every type of commodity. This same tendency is apparent also in the distribution of families increasing and decreasing instalment obligations. For instance, almost 50 percent of the families increasing auto-

mobile debt but less than 40 percent of those decreasing such debt had incomes below \$2000.

It was generally true, furthermore, that for all commodities except radios the lower-income families were responsible for a larger proportion of the gross increase in dollar volume of debt than of the gross decrease in debt. Conversely, families with incomes above \$2000 had a comparatively larger share of the gross decrease than of the gross increase in instalment debt. For all commodities except automobiles approximately half of both the gross increase and the gross decrease in debt was ascribed to families whose incomes ranged from \$1000 to \$2000.

For all commodities except furniture, the average debt increase was generally higher than the average debt decrease. This variation may be due in part to differences in the average duration of instalment contracts and in the length of time they had been outstanding as between families increasing and those decreasing debt. It lends some support also to the conclusion that with the exception of furniture, unit instalment purchases were on the whole larger in 1935-36 than they had been in the preceding year, and that unit furniture purchases, on the other hand, were smaller in 1935-36 than in 1934-35.

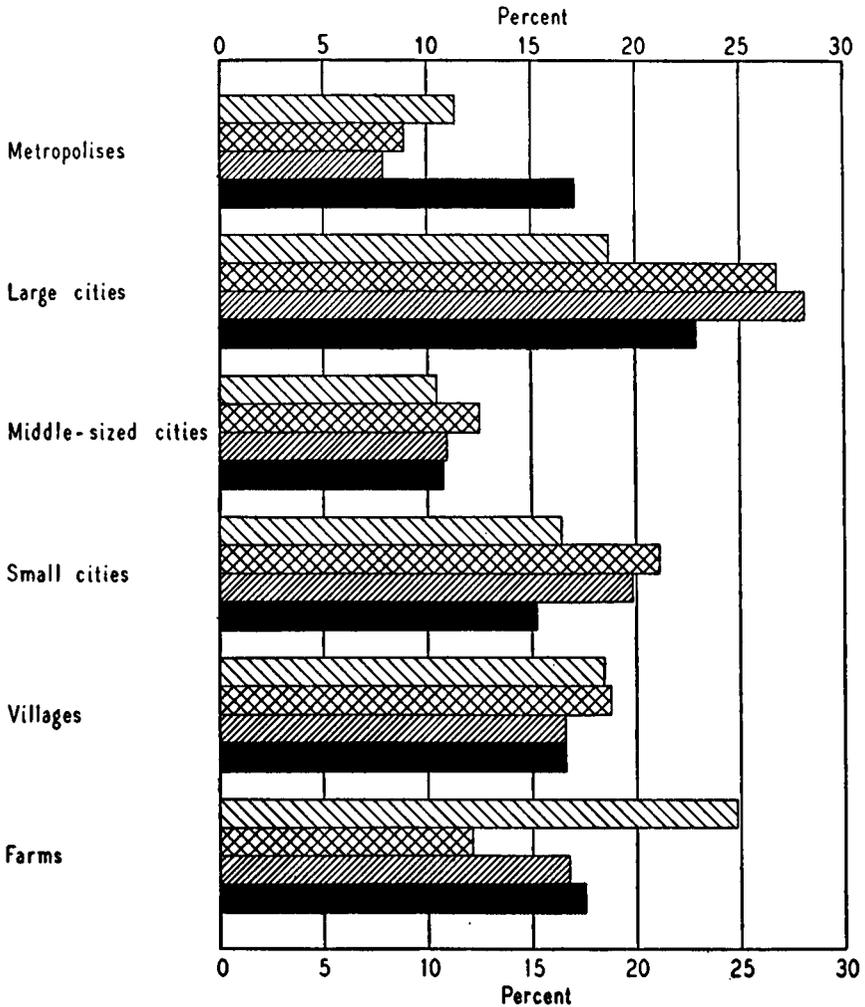
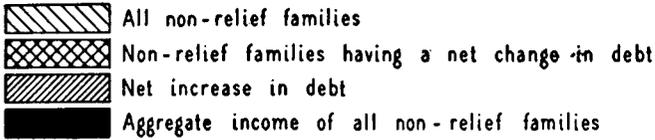
DIFFERENCES IN INSTALMENT INDEBTEDNESS ACCORDING TO TYPE OF COMMUNITY¹⁹

Instalment credit was used most extensively by families living in urban communities (with the exception of metropolises) and least by farm families. One out of three families in large cities, almost one out of three in small cities, more than one out of four in middle-sized cities and less than one out of five in metropolises had a net change in instalment debt in 1935-36. One out of four village families was indebted for instalment purchases, as compared with only one out of nine

¹⁹ See Tables A-23 through A-30.

Chart IX

Percentage Distribution of All Non-Relief Families, of Non-Relief Families Having a Net Change in Instalment Debt, of the Net Increase in Such Debt, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Type of Community



farm families. If families living in all non-farm communities are considered together, it appears that more than one out of four had a net change in instalment debt.

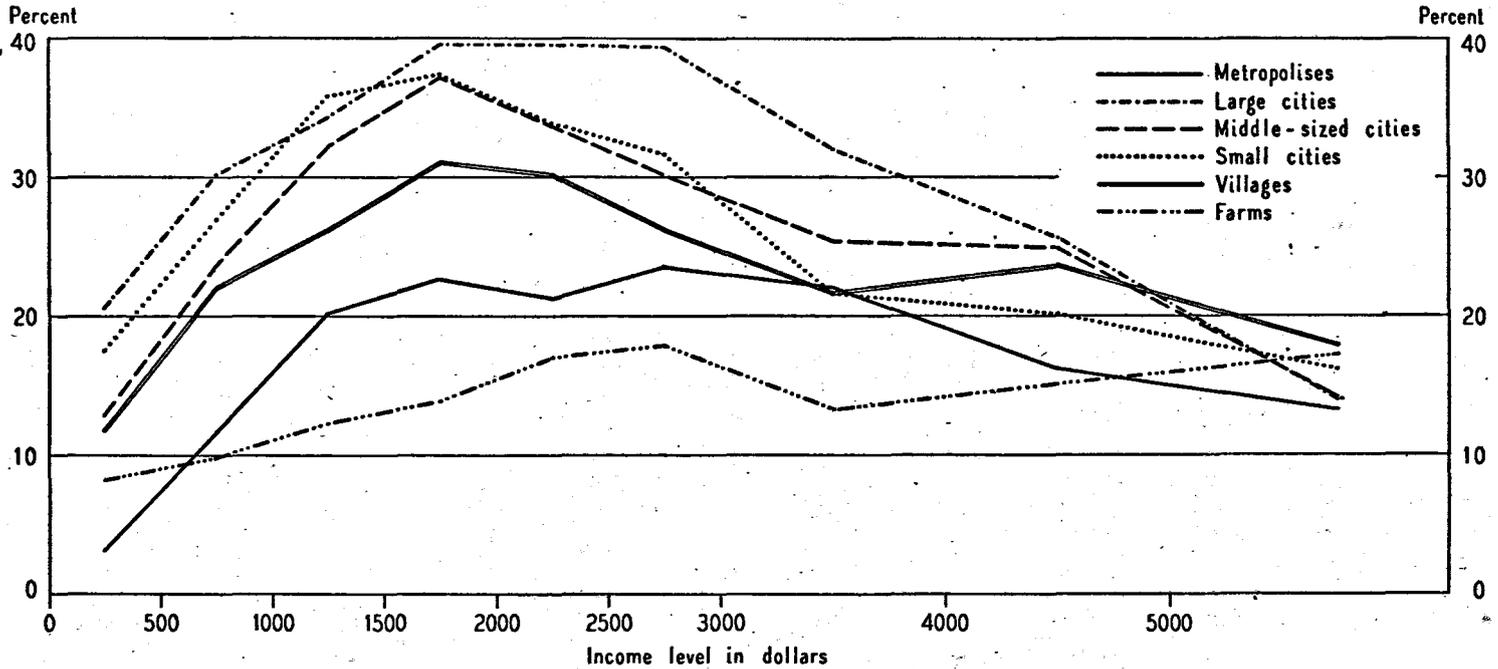
The distribution of instalment debtors and of the net increase in instalment debt by type of community is illustrated in Chart IX. All urban communities except metropolitan centers had a larger share of families indebted for instalment purchases (60 percent) than of all non-relief families (46 percent). These communities accounted for almost 60 percent of the net increase in instalment debt, though less than 50 percent of the total non-relief income was received by families residing within them. Village families, with an almost proportionate representation among instalment debtors, had a share of the net increase in debt which conformed exactly to their part of the total income. Metropolitan and farm communities, especially the latter, had a smaller share of both the number of instalment debtors and of the net increase in debt than they had of all non-relief families. Farm families, comprising 25 percent of all non-relief families, supplied only 12 percent of the instalment debtors but nearly 17 percent of the net increase in debt. Nevertheless, the share of the net increase in debt ascribed to farm families was only slightly smaller than their portion of the aggregate income; in this respect they differed markedly from metropolitan families, whose contribution to the net increase in debt was much smaller than their share of the total income.

Viewed according to income level, as in Chart X, families living in large cities appear to have made the widest use of instalment credit in all income classes up to \$5000. Families in small cities generally ranked second in frequency of debt,²⁰ and those in middle-sized cities third. Metropolitan families stood fifth in this ranking for most income categories; their less extensive use of instalment credit may be attributable at least in part to the fact that ownership of automobiles is not

²⁰ Up to the \$3000 level. Above this level middle-sized cities took second place.

Chart X

Percent of Non-Relief Families Having a Net Change in Instalment Debt in Six Types of Community, 1935-36, by Income Level



so widespread in metropolitan centers as in smaller communities.²¹ Instalment debt was least prevalent among farm families (except in the very lowest and very highest income levels); the irregular flow of agricultural income undoubtedly militates against a credit plan which requires regular monthly payments over a comparatively long period.

In all six types of community more families were augmenting than were reducing instalment indebtedness, and no single type of community was outstanding in this respect. Each type of community, furthermore, included about the same proportion of families increasing as of families decreasing indebtedness. Nor does the distribution of gross increase and gross decrease in the dollar volume of instalment debt indicate any marked community differences in credit behavior in a period of economic expansion: each type of community was found to have contributed similar shares to both the gross increase and the gross decrease in debt.

If, however, we compare the gross increase in instalment debt to the number of families increasing such debt, and the gross decrease to the number of families moving in the opposite direction, we find that farm families had a disproportionately large share of both the gross increase and the gross decrease. These families had a greater average increase in the amount of their debt (in all but one income class) than families in other types of community, and an extremely high average decrease as well.²² The average increase for farm families was \$207 as compared with \$139 for all non-farm families and the average decreases were \$168 and \$115 respectively. Larger unit indebtedness in farm communities may very well reflect the fact that farm families use instalment credit more than other families do for the purchase of automobiles and high-priced farm equipment.

²¹ In this connection see U. S. Bureau of Labor Statistics, *How Urban Families Spend Their Incomes* (July 1938) Table 9C.

²² No other persistent type-of-community difference in average increase or average decrease in debt is apparent.

With regard to community differences in the types of commodity purchased, data relating exclusively to the North Central region indicate that in urban communities furniture purchases were the most frequent source of instalment debt, while in villages and farms chief emphasis was placed upon automobiles. Automobiles accounted for next to the highest frequency of debt in urban communities. Farm families had a fairly proportionate share of automobile instalment debtors and metropolitan families a slightly more than proportionate share of families indebted for furniture and miscellaneous commodities. For all commodities except automobiles and those in the miscellaneous category, over 50 percent of the families with instalment debts were residents of large or small cities, although only one-third of the non-relief families lived in these communities. In contrast, metropolitan and farm families generally constituted a smaller proportion of families indebted for the instalment purchase of any commodity than they did of all non-relief families.

REGIONAL VARIATIONS IN THE PATTERN OF INSTALMENT DEBT²³

Instalment credit was used most extensively in the Pacific region, where one out of three families had a net change in debt for deferred-payment purchases as compared with one out of four in New England, in the South and in the Mountain and Plain region, and one out of five in the North Central.²⁴ The low frequency of debt in the last-named area reflects in turn the relatively slight use of instalment credit in the metropolitan centers of this region.

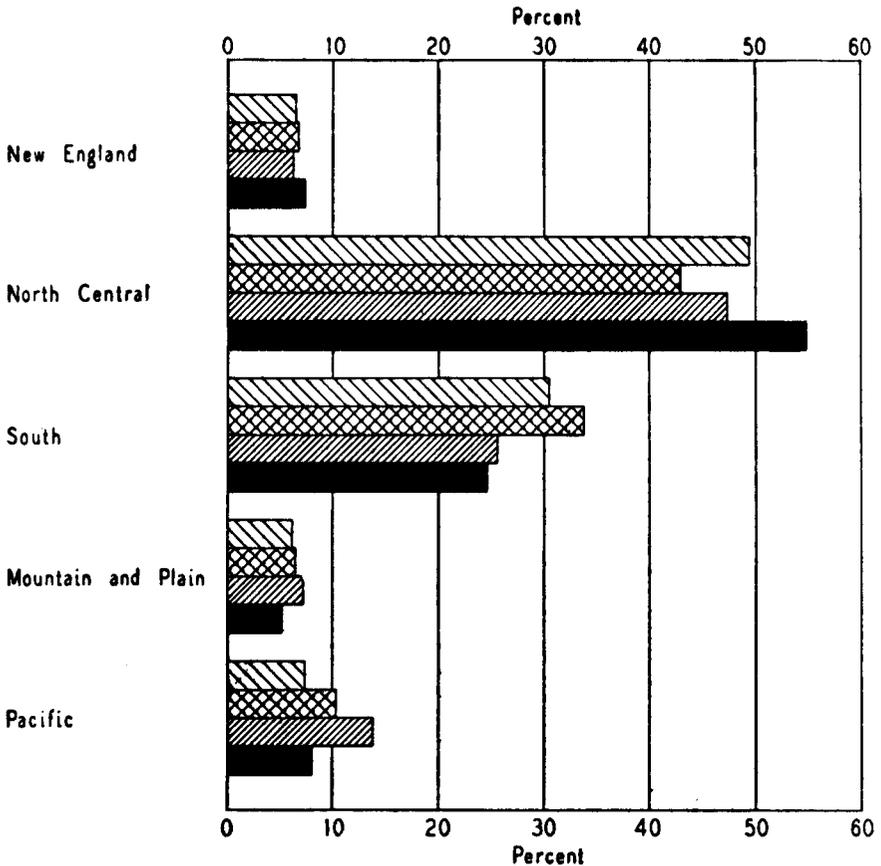
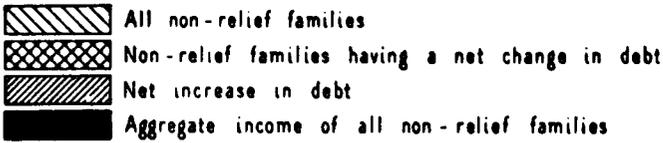
In every region except the North Central the proportion of all instalment debtors was larger than the proportion of all non-relief families, as is shown in Chart XI. The North

²³ Complete data on this topic are to be found in Tables A-31 through A-44.

²⁴ See Table A-31.

Chart XI

Percentage Distribution of All Non-Relief Families, of Non-Relief Families Having a Net Change in Instalment Debt, of the Net Increase in Such Debt, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Region



Central, on the other hand, had almost 50 percent of all non-relief families but only 43 percent of the families indebted for instalment purchases; these families contributed nearly 48 percent of the net increase in debt, but this apparently large fraction was less than the share of total income (55 per-

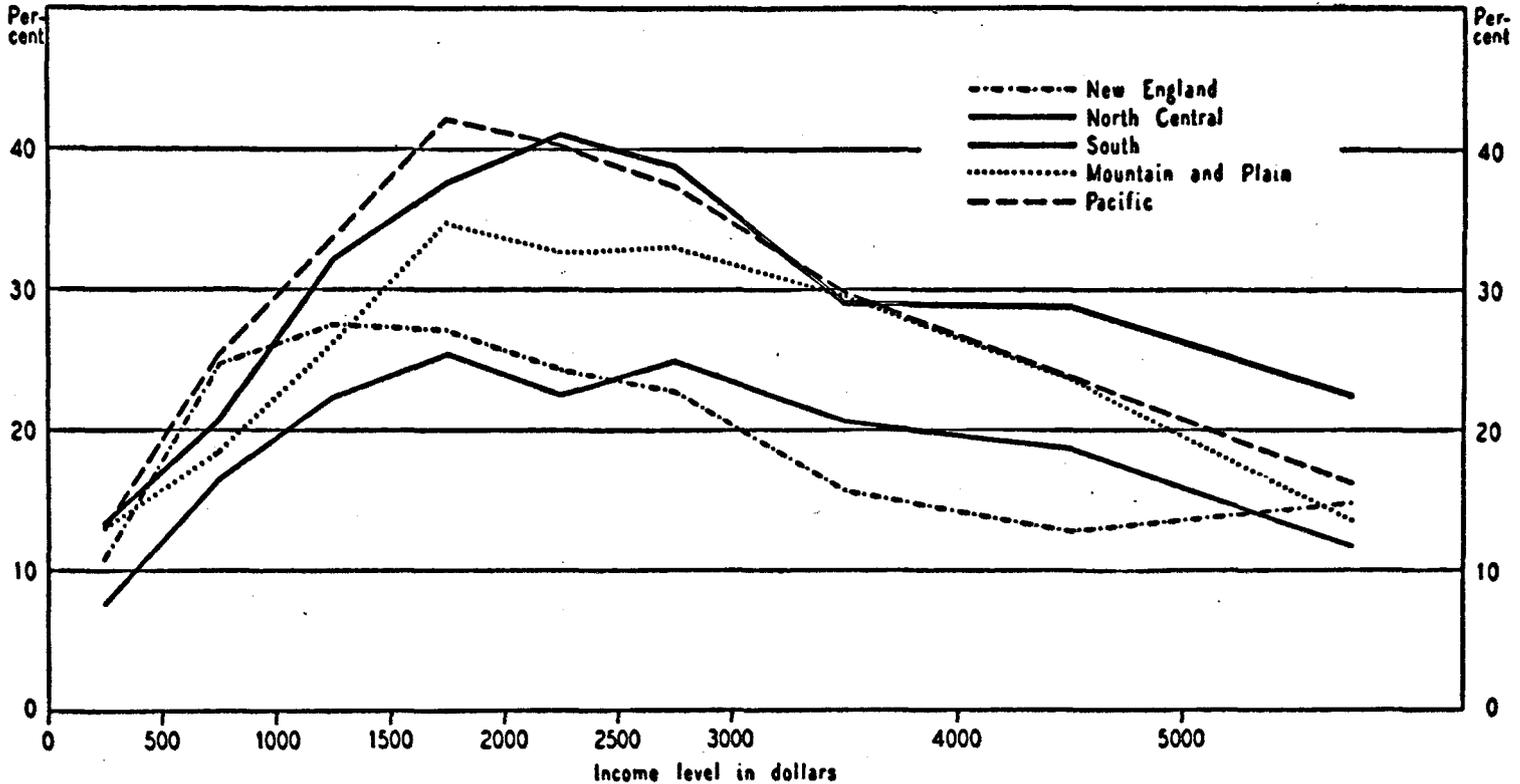
cent) ascribed to the North Central region. In comparison to the number of families, the South had a disproportionately small share and the Mountain and Plain and Pacific regions disproportionately large shares of the net increase in instalment debt, but all three regions had larger shares of the net increase in debt than they had of the total income received by non-relief families. The Pacific region, representing about 7 percent of all non-relief families and 8 percent of the aggregate income, had over 10 percent of the instalment debtors and contributed 14 percent of the net increase in debt.

The high frequency of instalment debt in the Pacific region is, as Chart XII indicates, attributable exclusively to families with incomes below \$2000. Above that level families in the South generally surpassed families in the Pacific in the extent of use of this type of credit. For most income levels, families in the Mountain and Plain region ranked third in frequency of debt. The North Central region had the lowest frequency up to the \$2500 level; above that point New England tended to have a lower frequency. The use of instalment credit became increasingly widespread in all regions as income advanced up to the \$1500-2000 band and then declined consistently, except in the South, which did not reach peak indebtedness until the \$2000-2500 level, and in New England, where the highest frequency occurred at the \$1000-1500 level.

When the analysis is extended to permit a comparison of frequency of debt in each type of community in the five regions, the differences already noted for all types of community in each region tend to remain unchanged. Families living in southern communities of all types had on the whole the highest or next to the highest frequency of debt as compared with families having equivalent incomes but living in other regions. Families in every type of community except farms in the Pacific and in the Mountain and Plain regions generally had first, second or third highest frequency of debt.

Chart XII

Percent of Non-Relief Families Having a Net Change in Instalment Debt, 1935-36, in Five Regions, by Income Level



For all types of community except farms, the North Central and New England regions tended to interchange fourth and fifth place in debt frequency, but farm families in these two regions had the lowest frequency of debt in only one income level.

More families were increasing than were decreasing instalment obligations in every region, but those in the North Central and Pacific regions exhibited a somewhat stronger tendency in this direction than did families in other sections of the country. Together, these two regions accounted for over 54 percent of the families increasing instalment obligations, but for less than 51 percent of the families decreasing them, and for 58 percent of the gross increase in debt and 52 percent of the gross decrease. There was a less marked inclination to increase instalment indebtedness in the South, for this section of the country embraced 33 percent of the families increasing debt as compared with 36 percent of the families decreasing it; these families contributed 29 percent of the gross increase and 35 percent of the gross decrease. New England and the Mountain and Plain region had about the same shares of families increasing debt and of those decreasing it as they did of the gross increase and the gross decrease in debt.

For individual commodities, data based on metropolises, large cities and middle-sized cities in each region indicate that the frequency of instalment debt showed considerable regional variation. For furniture, electric refrigerators and radios it was highest in the South, for automobiles and miscellaneous goods it was highest in the Mountain and Plain region, while for other electric equipment it was highest in the Pacific.

Although the North Central region includes more than 62 percent of all urban non-relief families, only 43 to 50 percent of the families indebted for the five specific commodity groups and 61 percent of those indebted for miscellaneous commodities dwelt within its boundaries. These families were

responsible for 55 percent of the net increase in debt for automobiles, refrigerators and radios, but for only 25 percent of the net increase in debt for furniture. The South and Pacific regions had a more than proportionate share of the families indebted, as well as a more than proportionate share of the net increase in debt for every type of commodity except those in the miscellaneous group.²⁵

An analysis of increases and decreases in instalment debt for each commodity during the year 1935-36 suggests that there were substantial regional variations in the behavior of consumers with regard to their obligations. During this period families in the South, more than in any other region, tended to cut down debt for all commodities except furniture, whereas families in the North Central region moved toward an increase in instalment debt for all commodities except furniture.

The regional differences which we have just described reflect in some degree certain variations in the cultural and social characteristics of the several sections of the country. Since deferred payment for commodities is primarily an urban development,²⁶ however, other factors, notably the type of city which predominates in a given region, and the distribution of urban family income within that region, must be considered also in any attempt to interpret the regional pattern of instalment indebtedness.

²⁵ The Pacific region, however, had a less than proportionate share of the net increase in instalment debt for furniture.

²⁶ Except for metropolitan centers, which generally had a low frequency of debt.

Cash Loan Debt

THIS chapter deals with the market for cash loan credit among non-relief families in the United States in the period 1935-36. It does not indicate the sources from which the cash loans emanated, for no breakdowns are available to show the relative significance, in the extension of this type of credit, of personal finance companies, commercial banks, industrial banking companies, credit unions and insurance companies.¹ Since it is similarly impossible from the data at hand to segregate loans repayable in instalments from those contracted on a straight time basis, the reader whose definition of consumer credit embraces only those obligations which must be paid off in prescheduled amounts is likely to hold that the present findings are far too inclusive. In the absence of any means of determining the terms of the cash loans covered in the present chapter, it may nevertheless be pointed out that such loans were applied on the whole to purposes of consumption, even though some of them represented borrowings by farmers and independent business and professional people for business purposes.² From the aspect of their use, therefore, these cash loans may be regarded broadly as instruments of consumer credit, and it is upon this premise that the analysis proceeds. Again we wish to remind the reader that the data presented here relate to net change in cash loan debt and

¹ Funds borrowed from relatives or other individuals are excluded from consideration in this study.

² Loans for non-consumption purposes by occupational groups other than those mentioned here were not included in the data on family expenditures obtained by the Study of Consumer Purchases.

that the expression "families indebted" is used as a synonym for families having a net change in debt.³

THE FREQUENCY OF CASH LOAN DEBT⁴

On the basis of sample data it is estimated that more than 2,300,000 families, or over 9 percent of all the non-relief families in the United States, were indebted for cash loans in the year 1935-36. When we consider the extent to which this type of credit was used by the several income groups, we note that 8 percent of the families with annual incomes under \$750 had a net change in cash loan debt. Continuing to trace frequency of indebtedness for the various income levels, we find that the proportion rose steadily until it reached 10.8 percent for the \$1500-1750 band, declined somewhat, and touched a peak of 11.6 percent at the \$2500-3000 level. There was a drop to 9.5 percent in the \$3000-4000 group, another rise to 10.8 percent in the \$4000-5000 class and finally a decline to 8.4 percent for families in the income level of \$5000 and over. If the income groups are classified according to \$500 gradations, a more consistent trend emerges, with frequency of debt increasing regularly from a low of 8.0 percent in the \$0-500 group to the peak of 11.6 percent already noted for the \$2500-3000 band.

The market for cash loan credit may be outlined also in terms of the distribution of families indebted and of the net increase in such debt. Over 90 percent of these families had annual incomes below \$3000, and they are credited with almost 98 percent of the \$285,000,000 net increase in cash loan debt during the year under discussion. Slightly less than one-third of the families with a net change in cash loan debt had incomes under \$1000; these accounted for nearly half of

³ See above, pp. 13-17.

⁴ See Tables B-1, B-2, B-3, B-4 and B-5 for complete data upon which the discussion in this section is based.

the net increase in debt. Almost 50 percent of the families indebted had incomes between \$1000 and \$2000, but were responsible for only about 40 percent of the net increase. About 25 percent of the debtor families had incomes amounting to \$2000 or more, yet they contributed less than 15 percent of the total net increase in cash loan debt.

The statistical pattern of indebtedness changes radically if we consider only the data for non-farm families. Since the intermittent flow of farmers' incomes makes it difficult for them to borrow sums of money which must be repaid in regular monthly remittances, it is reasonable to assume that in farm communities most of the cash loan indebtedness was not contracted on an instalment basis. Conversely, the non-farm data may be regarded as roughly representative of the market for cash loan instalment credit.⁵ From these data it

⁵ Other studies prepared by the National Bureau have presented estimates of the number of borrowers from instalment cash lending agencies; these estimates for the several agencies when added together range from 5,250,000 to 6,000,000 borrowers. The totals include an estimated 3,000,000 borrowers from personal finance companies at the end of 1937 [see National Bureau of Economic Research (Financial Research Program), *Personal Finance Companies and Their Credit Practices*, by R. A. Young and Associates (1940) p. 23]; 1,000,000 to 1,500,000 customers of personal loan departments of commercial banks in 1938 [see National Bureau of Economic Research (Financial Research Program), *Commercial Banks as Agencies of Consumer Instalment Credit*, by John M. Chapman and Associates (1940) Chapter 1]; and 1,250,000 to 1,500,000 borrowers from industrial banking companies in 1938 [see National Bureau of Economic Research (Financial Research Program), *Industrial Banking Companies and Their Credit Practices*, by R. J. Saulnier (1940) Chapter 1]. Practically all of the borrowers covered in the estimates are concentrated in urban or other non-farm communities. The present estimate of 1,500,000 non-relief families having a net change in cash loan debt in 1935-36 is, of course, far below the estimates obtained in the other studies just cited. Aside from the fact that the two sets of estimates cover different years, it is to be noted that the data presented in this study, unlike the data for the several lending institutions, exclude all single individuals and relief families. Furthermore the larger estimates of the number of borrowers include some duplication, since people borrow from more than one cash lending agency and in addition, different members of a family who are borrowers are counted individually rather than as one family unit. Our estimates thus represent a sizable segment of the group borrowing from instalment cash lending agencies.

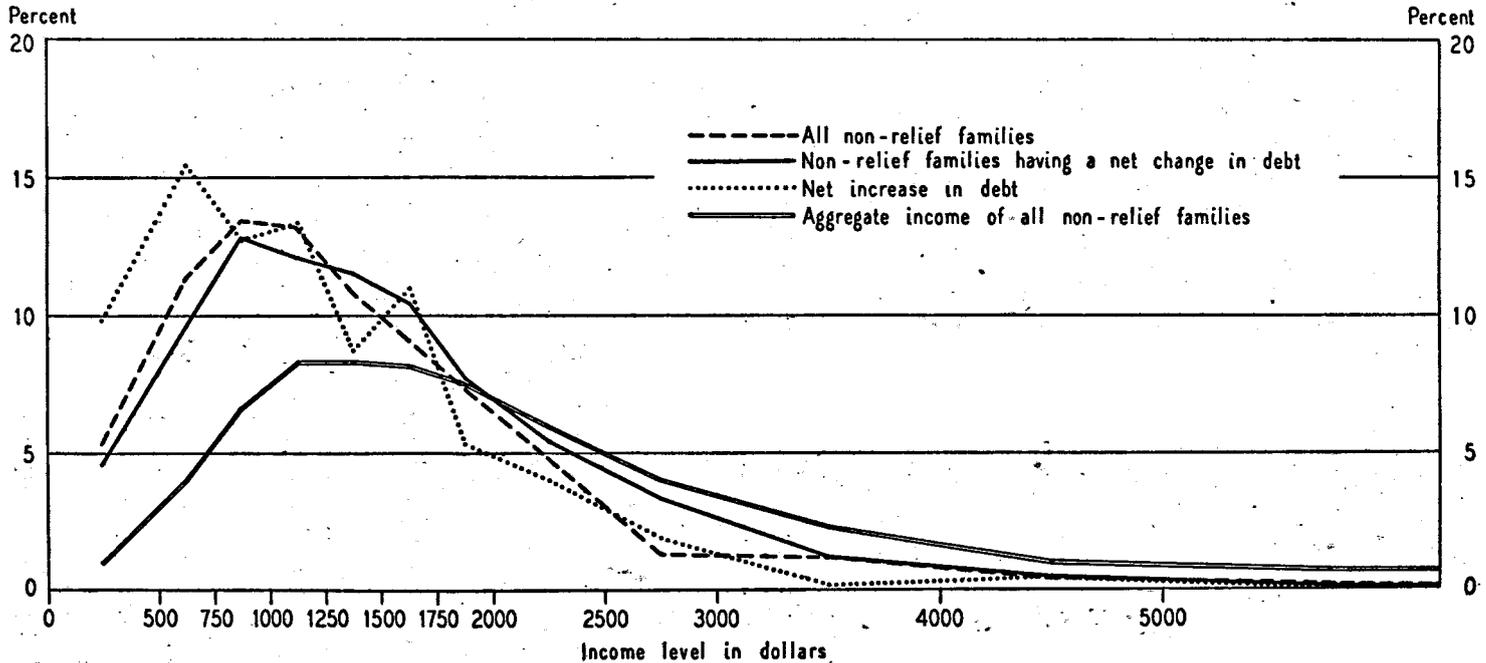
appears that this market is concentrated at higher levels of income than that for cash loan credit as a whole. Less than 23 percent of the non-farm debtors had incomes below \$1000 and these were responsible for a slightly smaller proportion—20 percent—of the net increase in cash loan debt for non-farm families. The income group between \$1000 and \$2000 accounted for over 45 percent of the non-farm families indebted and for about 41 percent of the net increase in cash loan debt. The most striking comparison is to be noted for families with incomes of more than \$2000: in the non-farm category about 32 percent of the cash loan debtors had such incomes and these contributed almost 40 percent of the net increase in non-farm cash loan debt, whereas for farm and non-farm families combined the same income grouping included only 25 percent of the debtor families and less than 15 percent of the net increase in cash loan debt.

Returning to the analysis of the market for cash loan credit as a whole, we observe from Chart XIII that except for the lowest income class each successive grouping up to the \$1250 level encompassed a smaller proportion of the families indebted for cash loans than of all non-relief families. Above \$1250 and up to \$5000, each income band exhibited the opposite tendency, for it included a more than proportionate share of families indebted. If we look at the same chart for a comparison of the distribution of all non-relief families and of the net increase in cash loan debt, we find, however, that the income groupings below \$750 accounted for a disproportionately large share of the net increase whereas those above \$750 generally had less than proportionate shares.

More important perhaps is the finding, also illustrated in Chart XIII, that families in each income level below \$1750 incurred a far larger share of the net increase in cash loan debt than was commensurate with their share of the total income. Although these families received only 37 percent of

Chart XIII

Percentage Distribution of All Non-Relief Families, of Non-Relief Families Having a Net Change in Cash Loan Debt, of the Net Increase in Such Debt, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Income Level



the total income, they accounted for more than 80 percent of the net increase in debt. Special note may be made of the fact that families with incomes under \$500 received about one-fifteenth of the total income but piled up almost one-fifth of the net increase in debt, and that families with annual incomes of \$3000 or more obtained somewhat less than two-fifths of the total income but were responsible for less than one-fiftieth of the net increase in cash loan debt during the period covered here.

We may recall at this point that in the case of instalment debt the share of the net increase attributable to the income levels below \$1250 was less than proportionate to the number of families having such incomes, and that the segment of the net increase in instalment debt ascribed to the income classes above \$1250 was more than proportionate to the number of families in those classes. A comparison of the distribution of total income and of the net increase in both types of debt shows, however, that for instalment debt each income group below \$2500 accounted for a more than proportionate share of the net increase, whereas for cash loan debt it was the income levels below \$1750 which contributed disproportionately large fractions of the net increase.

Let us now consider to what extent cash loan credit afforded new purchasing power to the several income groups. Except for the group receiving \$5000 and more, the use of cash loan credit effected some addition to income during the period under discussion. For all income groups combined this net increase in debt added only about .6 percent to the total income, but for the lowest income level, representing families with incomes of less than \$500, the net increase in cash loan debt added almost 7 percent to purchasing power or income. This ratio went down as income rose; for families with \$500-750 it stood at 2.5 percent, declining steadily thereafter to the point where, at the level of \$5000 and over, there was a slight drain upon income.

A calculation of the ratio of the net increase in cash loan debt to the aggregate income of families using such credit during the period 1935-36 yields much more startling results. This ratio was slightly under 7 percent for all families having a net change in cash loan debt, but for indebted families with incomes below \$500 the addition to purchasing power amounted to more than 83 percent and for families in the \$500-750 income level to over 31 percent. It dropped precipitately from the \$750-1000 level, where it stood at 14 percent, to the level of \$5000 and over where, as noted previously, it resulted in a slight drain.

THE PATTERN OF INCREASE AND DECREASE IN CASH LOAN DEBT⁶

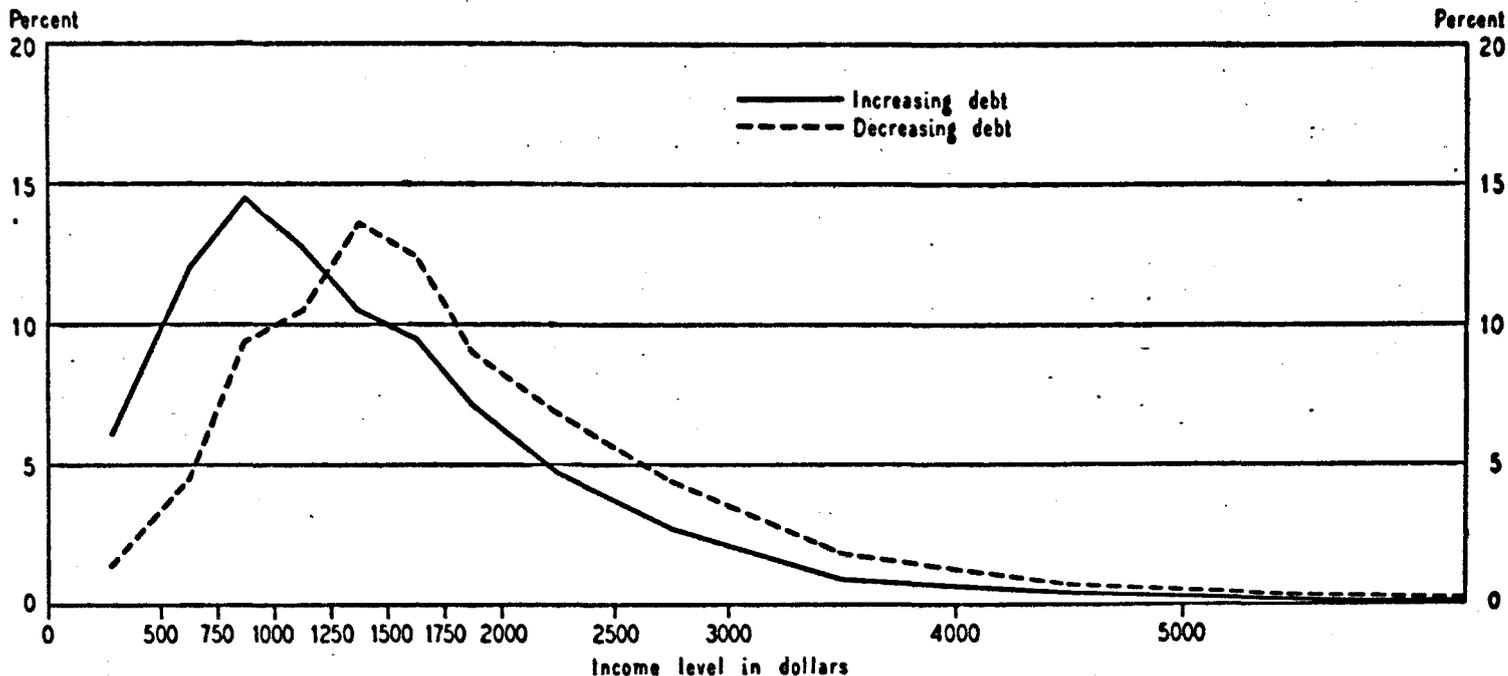
The period 1935-36, characterized as it was by general economic expansion, was marked also by a substantial increase in cash loan indebtedness. Of the 2,300,000 families with cash loan obligations, approximately 68 percent augmented the amount of their indebtedness and 32 percent decreased it. Lower-income families evidenced a much more pronounced tendency toward increasing such debt than did higher-income families. Thus the ratio of the number of families increasing debt to the number of families having a net change in debt varied with income level, declining consistently from a peak of over 91 percent for the group receiving less than \$500⁷ to about 37 percent in the income grouping of \$5000 and over.

⁶ See Tables B-2, B-4, B-6, and B-7 for detailed analyses of the data on this topic.

⁷ The large proportion of families increasing debt in the under-\$500 income level is to be explained to some extent by the high frequency of cash loan debt in certain farming sections of the country, and particularly by the fact that in the Mountain and Plain, the Pacific and the North Central regions, 62 percent, 30 percent and 25 percent respectively of the families in the under-\$250 income group increased cash loan indebtedness.

Chart XIV

Percentage Distribution of Non-Relief Families Increasing Cash Loan Debt and of Non-Relief Families Decreasing Such Debt, 1935-36, by Income Level



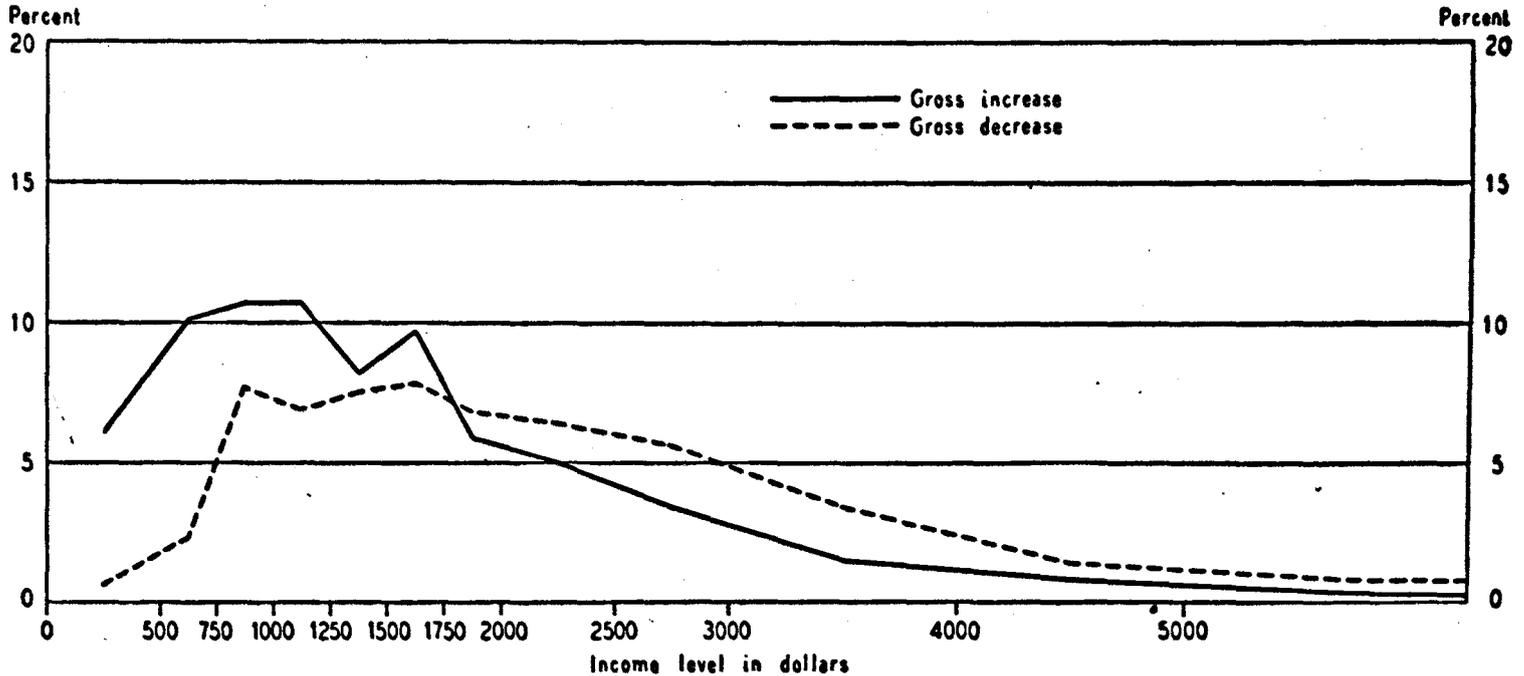
Between the \$1250 and \$2000 levels, however, this ratio remained almost stable at approximately 62 percent.

It is particularly significant that lower-income families tended to add to their cash loan indebtedness more than higher-income families during this period of economic revival. This finding is substantiated further when we examine the distribution of families increasing debts and of those decreasing debts in Chart XIV, and the distribution of the gross increase and the gross decrease in outstandings illustrated in Chart XV. Each of the income bands below \$1250 included a considerably larger proportion of the families increasing than of those decreasing cash loan debt, but the trend was reversed for all income groups above \$1250 (Chart XIV). Chart XV shows, however, that in terms of the volume of debt all income groups below \$1750 had a larger share of the increase than of the decrease, and that each income group above the \$1750 level accounted for a greater share of the gross decrease than of the gross increase in cash loan outstandings. Particularly for the lower-income levels it would appear to be true that consumers are more eager to borrow and lenders more willing to extend credit in anticipation of a rise in income.

Families with incomes below \$1250 supplied a less than proportionate share of the gross increase and an even smaller share, relatively, of the gross decrease in cash loan debt: over 51 percent of the families increasing this type of indebtedness but only 27 percent of the families decreasing it fell within this income class, contributing about 44 percent of the gross increase and only 18 percent of the gross decrease. The middle group, consisting of families receiving annual incomes between \$1250 and \$2000, included 27 percent of the families increasing and 35 percent of the families decreasing debt; to this group is attributed 24 percent of the gross increase and 22 percent of the gross decrease. On the other hand, families with incomes between \$2000 and \$3000 comprised 15

Chart XV

Percentage Distribution of Gross Increase and Gross Decrease in Cash Loan Debt for Non-Relief Families, 1935-36, by Income Level



percent of those increasing and 22 percent of those decreasing cash loan debt, and were responsible for 16 percent of the gross increase and 24 percent of the gross decrease. The income grouping of \$3000 and over included only 7 percent of the families increasing debts but accounted for 16 percent of the gross increase; it comprised 16 percent of the families decreasing cash loan debts and these contributed as much as 36 percent of the gross decrease.

The gross increase in cash loan debt amounted to 1 percent of the income received by all non-relief families. For families with incomes of less than \$500, however, the gross increase meant an addition of 7 percent to their total income. The ratio of the gross increase in debt to the incomes of families in the \$500-750 group was 2.7 percent; it declined more or less gradually as income rose until it amounted to only .3 percent for families in the group receiving \$5000 or more. No such disparity in the drain upon income represented by the gross decrease in cash loan debt was to be noted for the several income groups, nor was any consistent trend apparent. In no income level did the gross decrease amount to more than .7 percent or less than .2 percent of the total income received.

The average amount by which all families increasing cash loan debt added to their obligations was approximately \$300 and the average reduction for all families decreasing debt was about \$260. On the whole, both average increase and average decrease in cash loan debt rose as income mounted. The average increase ranged from a minimum of \$235 in the \$500-1000⁸ class to a maximum of \$1300 for the \$5000-and-over group, and the average decrease from a minimum of \$111 in the class with incomes under \$500 to a maximum of \$770 in the highest income level. The average amount of debt increase was higher for the lowest income group than

⁸ The average increase for families with incomes under \$500 was larger, \$298. See Table B-8.

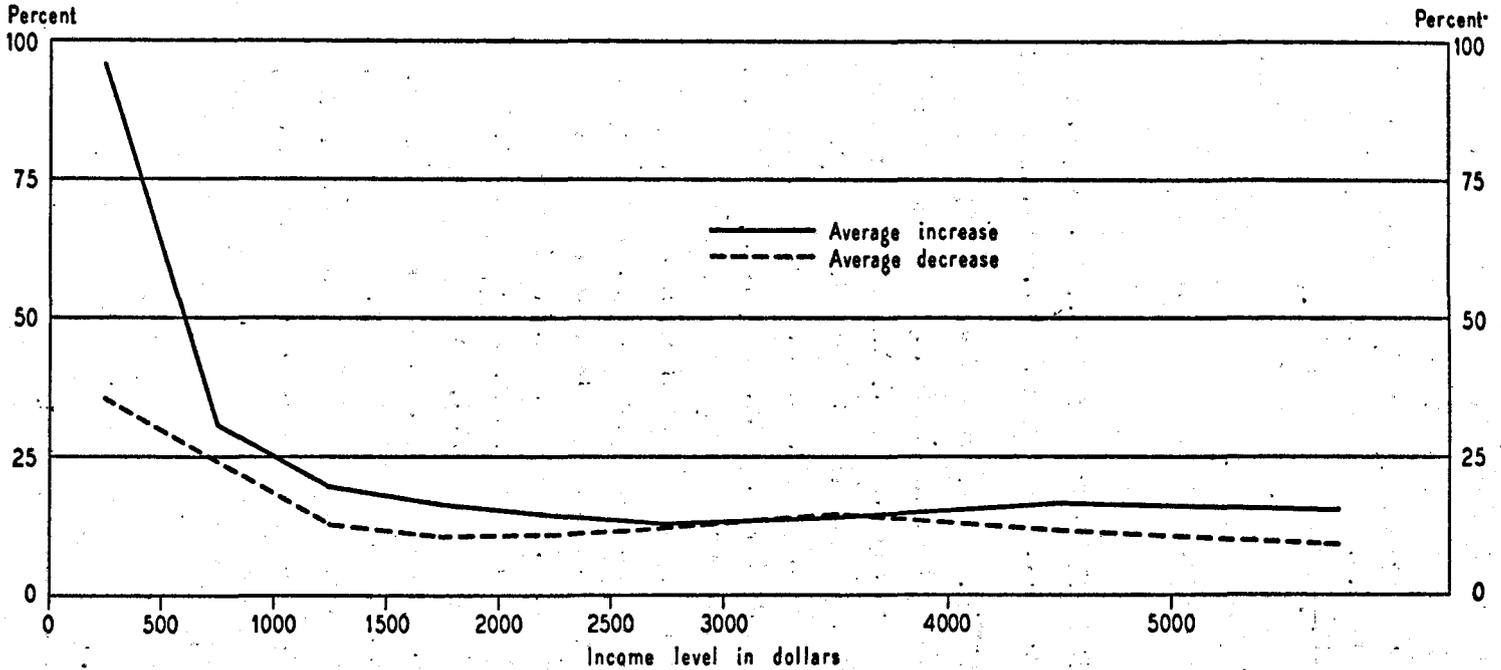
for any other below the \$2000 level, and the average decrease was higher for the \$500-1000 income band.

In general it appears that as income rose both average increase and average decrease constituted a diminishing proportion of it. As is shown in Chart XVI, average increase in debt incurred by families with annual incomes of less than \$500 amounted to over 95 percent of the average income received by families in this group. This ratio declined precipitately to 31 percent for families in the \$500-1000 level, and then went down still further until it stood at 15 percent for families in the \$5000-and-over group. Average decrease in cash loan debt declined also, from almost 36 percent of average income for the lowest income level and 24 percent for families receiving between \$500 and \$1000 to only 9 percent for families in the highest income group. For all levels of income combined and in every income group but one (\$3000-4000) the average increase in the amount due on cash loans among families increasing such indebtedness was considerably larger than the average decrease among families which were reducing their obligations, a fact which may reflect differences in the length of time the debts had been outstanding as between these two divisions of indebted families.

The findings presented in the foregoing discussion give rise to certain broader speculations. Can we determine, for example, whether in periods of economic stringency people tend to increase their borrowings in order to maintain their customary standard of living despite a cut in their income, and to pay off their debts when conditions improve, or whether they augment their debts only when they can anticipate a rise in income in times of reviving business activity? While the data presented here afford no final answers to questions of this nature, since they relate only to part of one phase of a business cycle, they do point to some tentative conclusions. They suggest, for instance, that during periods of economic expansion more people tend to undertake new

Chart XVI

Ratio of Average Increase and of Average Decrease in Cash Loan Debt for Non-Relief Families to Average Income of Such Families, 1935-36, by Income Level



commitments in consumer debt in order to raise their standard of living than tend to liquidate obligations incurred in time of depression for the purpose of maintaining that standard. The governing factor in the situation may, however, be simply the availability of credit and not the demand for it, for it seems reasonable to suppose that lenders are more willing to extend loans when economic conditions are swinging upward than when the business horizon is clouded.

DIFFERENCES IN CASH LOAN INDEBTEDNESS ACCORDING TO TYPE OF COMMUNITY⁹

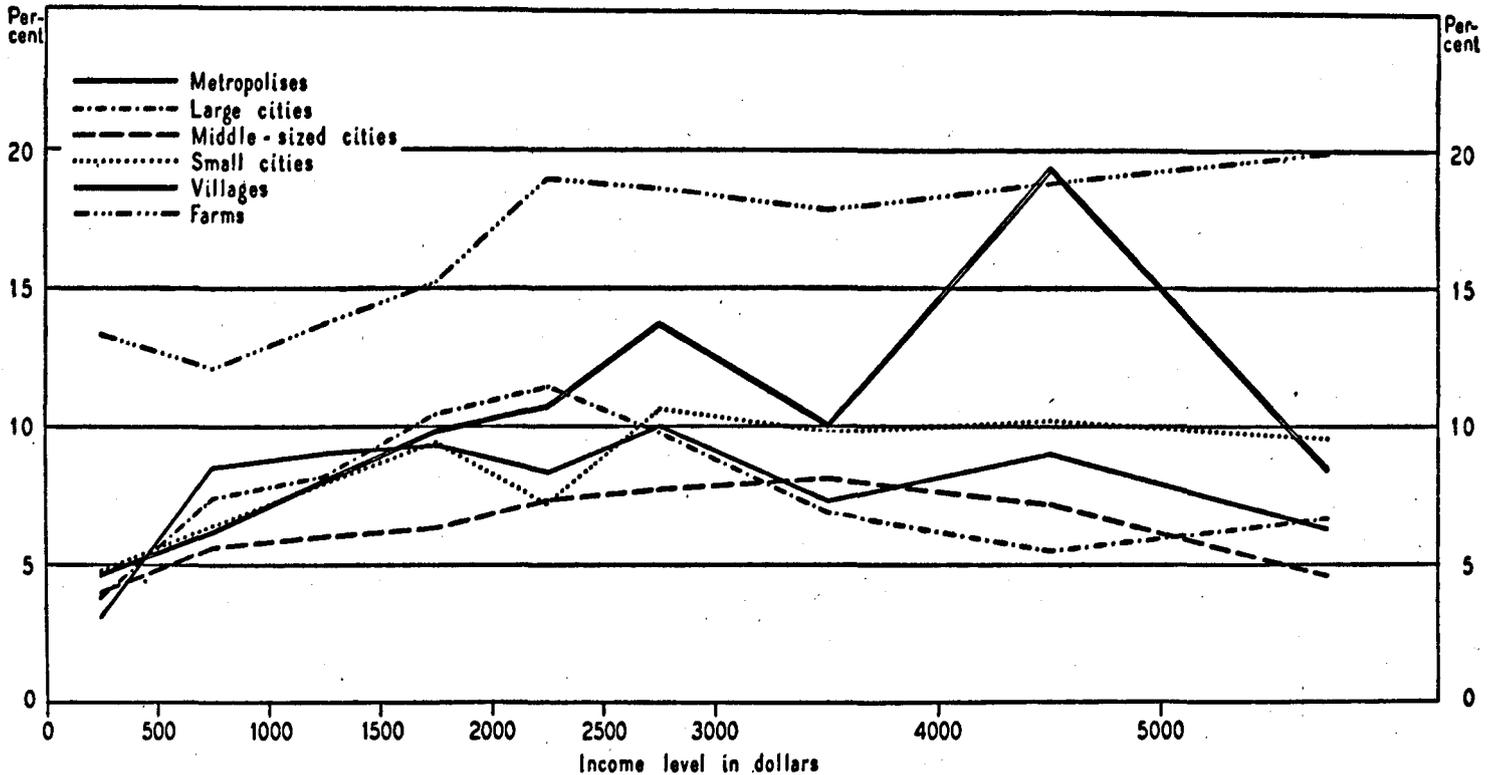
Cash loan credit, as Chart XVII shows, was used more extensively by families living on farms than by those in any other type of community. Among farm families such indebtedness, it should be noted, is not usually paid off in regular monthly instalments. One out of seven farm families¹⁰ was making payments for cash loans, as compared with approximately one out of twelve families in metropolises, large cities and villages, one out of thirteen in small cities and less than one out of sixteen in middle-sized cities. If we group all the non-farm dwellers together, we find that about one in thirteen had a net change in cash loan debt. The market for cash loan credit in terms of its location by types of community is illustrated also in Chart XVIII. From this chart it is apparent that all except farm communities had a larger share of all non-relief families than of cash loan debtors in the period under discussion. The share of net increase in cash loan debt originating in urban communities was less than proportionate to the importance of these communities with respect either to their population or to their fraction of the families carrying such

⁹ See Tables B-8 through B-13 for breakdowns of the data covering variations in net change in cash loan debt with reference to type of community.

¹⁰ Among farm families with incomes of \$2000 or more, approximately one out of five was indebted.

Chart XVII

Percent of Non-Relief Families Having a Net Change in Cash Loan Debt, 1935-36, in Six Types of Community, by Income Level



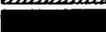
indebtedness, and particularly with respect to the share of the total income received by families in these communities. Almost 66 percent of the aggregate income of non-relief families went to urban communities, but these communities were responsible for only 40 percent of the net increase in cash loan debt. Farm families, on the other hand, although representing only one-quarter of the non-relief families, constituted almost 37 percent of the families with cash loan debts and accounted for nearly 40 percent of the net increase in these outstandings although they obtained less than 18 percent of the aggregate income.

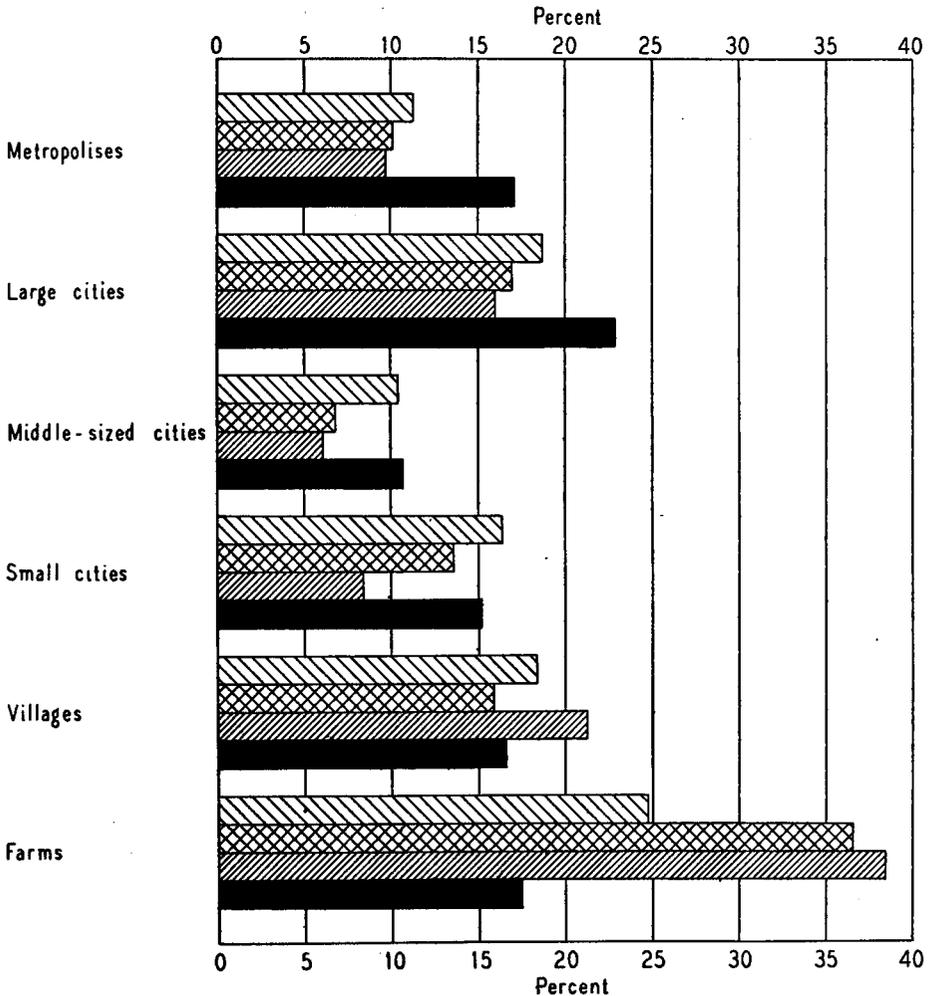
Families living on farms, furthermore, stood highest in frequency of debt in every income level except the \$4000-5000 grouping, in which they ranked next to village families. Families in middle-sized cities generally occupied fifth or sixth place in frequency of cash loan debt, but the ranking varied considerably for other types of community. For all communities, however, frequency of debt rose as income advanced up to the \$2000-2500 or \$2500-3000 level, and then declined. In metropolises, small cities and villages, frequency of debt increased again at the \$4000-5000 level, and indeed in villages it reached a peak at this point. In farm communities the increase in the extent of use of cash loan credit mounted steadily with income up to the \$5000-and-over level. It must be remembered, however, that the data on cash loan credit for farm families include borrowing for productive needs as well as for purposes of family consumption. If it were possible to compare several types of community with respect to cash borrowing for consumption only we might well find that farm families did not surpass all others in frequency of cash loan indebtedness.

In all types of community more families were increasing than were decreasing their cash loan debts during the period 1935-36. The ratio of the number of families increasing this type of debt to the number of families decreasing it varied,

Chart XVIII

Percentage Distribution of All Non-Relief Families, of Non-Relief Families Having a Net Change in Cash Loan Debt, of the Net Increase in Such Debt, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Type of Community

-  All non-relief families
-  Non-relief families having a net change in debt
-  Net increase in debt
-  Aggregate income of all non-relief families



however, and surprisingly enough was lower for farm families than for families in other communities. Thus if we compare the distribution of families increasing cash loan debt with that of families decreasing such obligations we find that farm communities comprised about 33 percent of the former but over 43 percent of the latter. Then, too, although farm families were responsible for almost 45 percent of the gross increase in debt they are credited with as much as 54 percent of the gross decrease. Finally, it appears that farm families had higher average increases and decreases in their indebtedness. Thus an average increase in debt of \$403 and an average decrease of \$322 for farm families may be compared with an average increase of \$249 and an average decrease of \$210 for all non-farm families. From these data we may infer that the average cash loan debt of farm families was higher than that of families in other types of community.¹¹

Families in the three larger types of community showed a greater tendency to increase cash loan debt than did families in the smaller ones, for each of these community groupings included a larger proportion of families augmenting their outstandings than of those reducing them. Together these larger communities supplied 37 percent of the families increasing cash loan debt as compared with 27 percent of the families decreasing it. Furthermore their share of the gross increase (27 percent) also was larger than their share of the gross decrease (19 percent). In terms of the volume of debt, then, it is likely that the larger types of community accounted for a disproportionately small segment as compared with their contribution to the number of families increasing or decreasing debt. Small cities and villages included the same proportion of families increasing as of families decreasing debt, but the former accounted for a larger share of the gross decrease than of the gross increase.

¹¹ No other persistent difference in the average amount of increase or decrease in cash loan indebtedness was apparent for the six types of community studied.

REGIONAL VARIATIONS IN THE PATTERN OF
CASH LOAN DEBT¹²

The proportion of families having a net change in cash loan debt varied markedly in the five major regions of the country (Chart XIX). More than one out of five families in the Mountain and Plain region had cash loan debts as compared with approximately one out of ten families in both the North Central and the Pacific regions, one out of twelve in New England and one out of fifteen in the South. The high frequency of debt in the Mountain and Plain region is attributable in large measure to the fact that farm families constituted 36 percent of the population in this region.¹³ Farm families, as we have already noted, made exceptionally extensive use of cash loan credit, and it was especially in the Mountain and Plain region that farmers were most severely affected by dust storms and drought during 1935-36.

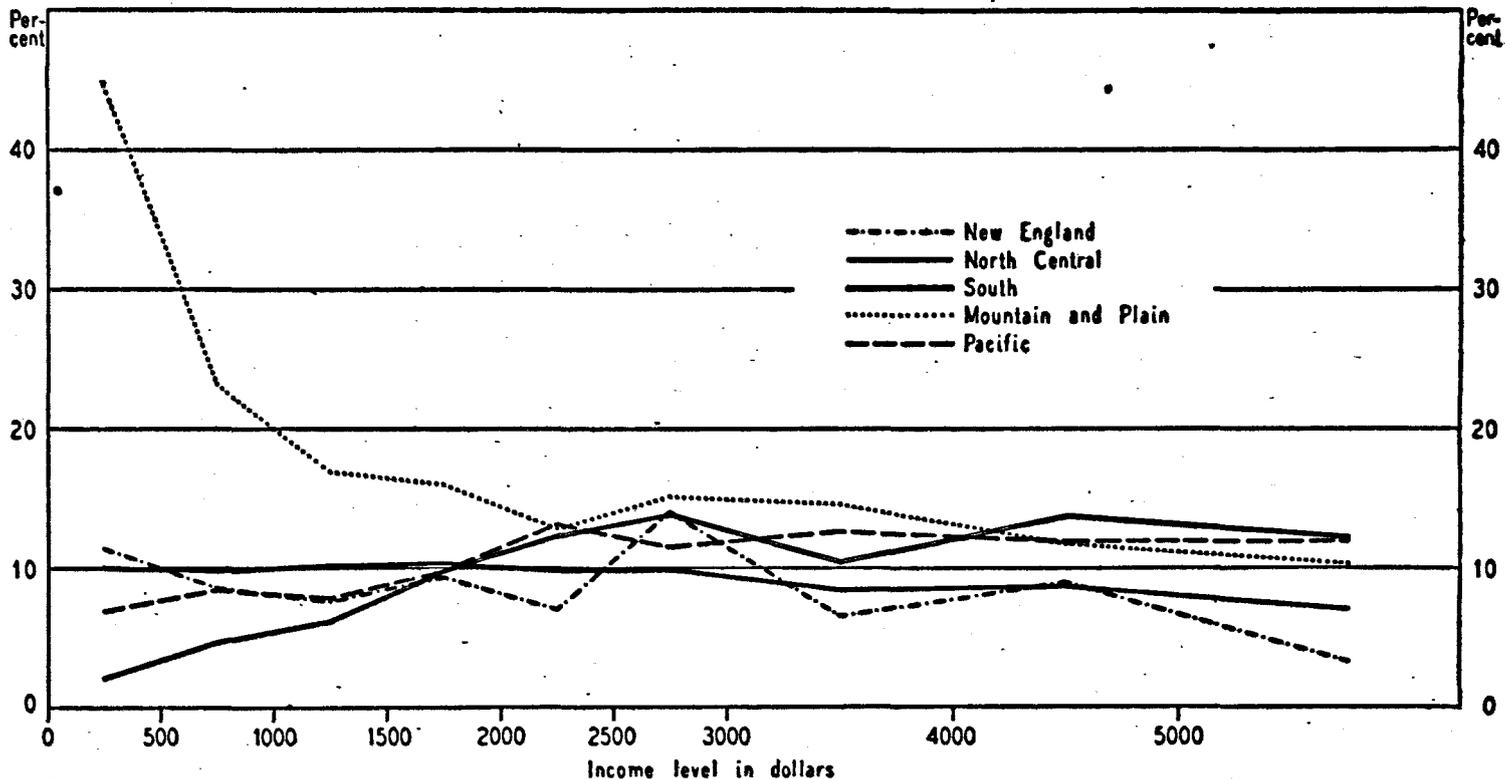
Although the Mountain and Plain region included only 6 percent of all non-relief families in the United States (as is shown in Chart XX) and is credited with not much more than 5 percent of the aggregate income for such families, almost 14 percent of the families indebted were in this region and these accounted for nearly 22 percent of the net increase in cash loan debt. The South, comprising 33 percent of the population, had only about 20 percent of the families indebted for cash loans and contributed less than 25 percent of the net increase. Southern families, however, received only about 25 percent of the total income; they had, in other words, a share of total income proportionate to their segment of the net increase in debt. The North Central region, which embraced almost 52 percent of the debtor families, was slightly

¹² See Tables B-14 through B-17 for analyses of the pattern of cash loan debt according to regions.

¹³ This proportion is exceeded only in the South, where farm families make up 40.7 percent of the non-relief families. National Resources Committee, *Consumer Incomes in the United States* (1938) Table 25B, p. 101.

Chart XIX

Percent of Non-Relief Families Having a Net Change in Cash Loan Debt, 1935-36, in Five Regions, by Income Level



overrepresented in families indebted for cash loans as compared with its non-relief population, while New England was somewhat underrepresented. The North Central region is credited with less than 40 percent of the net increase in cash loan debt though it received 55 percent of aggregate income for all non-relief families. New England, similarly, had a less than proportionate share of the net increase in debt as compared with its share of total income. The Pacific region had a fairly proportionate segment of families indebted in comparison to its general population, and a slightly more than proportionate share of the net increase in debt as compared with its share of total income.

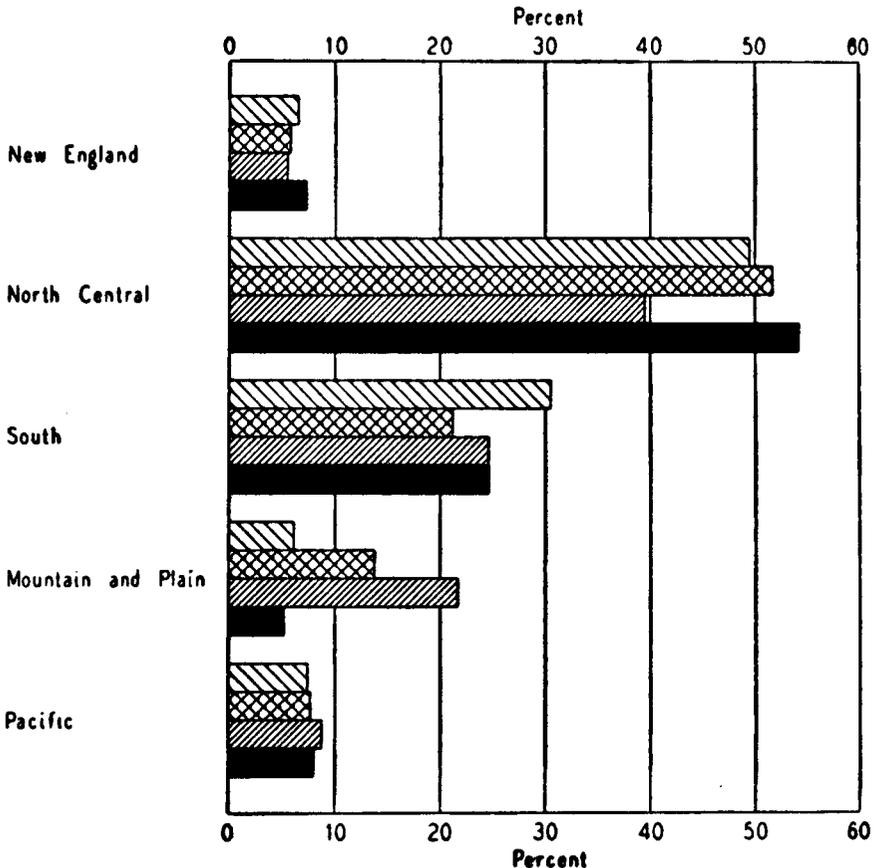
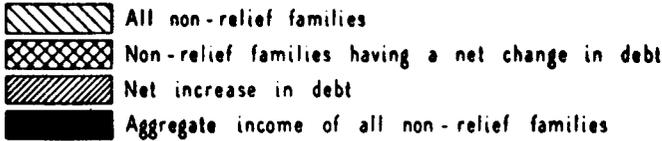
The Mountain and Plain region maintained its lead in frequency of debt in each income class up to \$4000.¹⁴ Above this level, however, it was exceeded in this respect by the Southern and Pacific regions. Frequency of debt in the Mountain and Plain region was highest among families receiving less than \$500, and declined gradually as income rose. In the North Central region and in New England debt frequency was higher in the \$0-500 band than in the income groupings immediately above, but these regions did not reach peak indebtedness until the \$1500-2000 and \$2000-2500 income levels respectively. In the South frequency of debt rose as income advanced from \$0-500 to \$2500-3000; the trend was similar in the Pacific region except that here the peak was attained at the \$2000-2500 level.

From the foregoing regional analysis, as from the examination of the pattern of indebtedness by types of community, we observe that more families were increasing than were decreasing their cash loan obligations in every section of the country. The ratio of families increasing to families decreasing debts varied, however, from region to region. The tendency to augment the debt burden was most pronounced in

¹⁴ Except in the \$2000-2500 income band, for which debt frequency was slightly higher in the Pacific region.

Chart XX

Percentage Distribution of All Non-Relief Families, of Non-Relief Families Having a Net Change in Cash Loan Debt, of the Net Increase in Such Debt, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Region



the Mountain and Plain region and least marked in the North Central region. Every region except the North Central had a larger proportion of the families increasing than of the families decreasing debt, and also a greater share of the gross

increase than of the gross decrease in indebtedness. The Mountain and Plain region was outstanding in both respects; it included almost 16 percent of the families increasing but less than 10 percent of those decreasing cash loan debt, and contributed in terms of volume almost 19 percent of the gross increase and 14 percent of the gross decrease. Within the North Central region, on the other hand, were 49 percent of the families increasing cash loan debt but almost 58 percent of the families reducing it. This region also accounted for over 55 percent of the gross decrease in cash loan debt as compared with 46 percent of the gross increase. The Mountain and Plain region, hard hit as it was by drought and dust storms which cut deep into farm incomes, not only had the highest frequency of debt but also contributed disproportionately large shares of the gross increase and the gross decrease in debt as compared to the number of families increasing cash loan debts and decreasing them. We may conclude, therefore, that families in this region had a higher average indebtedness than those in the other four sections of the country.

Charge Account Debt

IN ORDER to round out the analysis of the market for consumer credit, we are including a description of the pattern of charge account debt among non-relief families for the year 1935-36. This discussion is subject to two important qualifications. In the first place charge account credit often serves as a personal convenience to shoppers, and when so used is typically of short duration. In the second place, since the data are limited to net changes in debt over an entire 12-month period, families that settled their charge accounts each week or month were not included in the estimates given here, with the exception of those altering the amount of their indebtedness between the first week or month of the year covered and the last.

We may point out, on the other hand, that a charge account used not merely as a convenience but to tide a customer over an extended period of economic need runs for a comparatively long term. According to one authority, "where once a charge account was carried as a convenience by persons who were accustomed to paying for their accumulated purchases in a lump sum at the end of the month, undoubtedly most of them are now carried by the wage-earner as a necessity, many debtors paying 'on account' each pay day instead of taking care of their purchases in full each month, the original intent of the plan."¹ It is likely, further-

¹ Arthur H. Hert, "Charge Accounts of Retail Merchants," *Annals of the American Academy of Political Science* (March 1938) p. 111. Mr. Hert goes on to say that according to credit executives "65 percent of charge customers

more, that such protracted obligations are most adequately covered by our data on changes in charge account indebtedness for 1935-36. Before we proceed to set forth these data we must caution the reader to keep constantly in mind their special limitations, and to be particularly circumspect in his interpretation of such expressions as "families indebted," "frequency of debt" or "extent of use of charge account credit," which are employed here as well as in the two preceding chapters for purposes of flexibility and brevity in description.² Because of the large turnover in charge account debt, these terms are less appropriate here than in other chapters; we use them arbitrarily and only for convenience.

THE FREQUENCY OF CHARGE ACCOUNT DEBT³

From our sample data we have estimated that over 2,700,000 families, or more than 11 percent of all the non-relief families in the United States, had a net change in charge account debt during 1935-36. The frequency of such debt change varied according to income level; it was greatest in the lowest-income group and declined gradually as income rose. More than one out of six families with annual incomes under \$500, and almost every seventh family in the \$500-750 class were indebted for charge account purchases in this period. Of the families with incomes of \$1000 to \$2000, approximately one out of ten was indebted; of those with incomes between \$2000 and \$5000, the proportion ranged from less than one out of eleven to one out of fourteen; and of families with incomes

use monthly accounts because they do not have available sufficient cash to make and pay for the purchases which they have charged . . . The other 35 percent probably does not have the problem of actually paying for purchases but used the accounts primarily as a convenience."

² See explanation of the use of terms, pp. 13-17.

³ The reader's attention is directed to Tables C-1, C-2, C-3 and C-4 for detailed data on this topic.

of \$5000 or more, only one in fifteen was in debt for charge purchases.

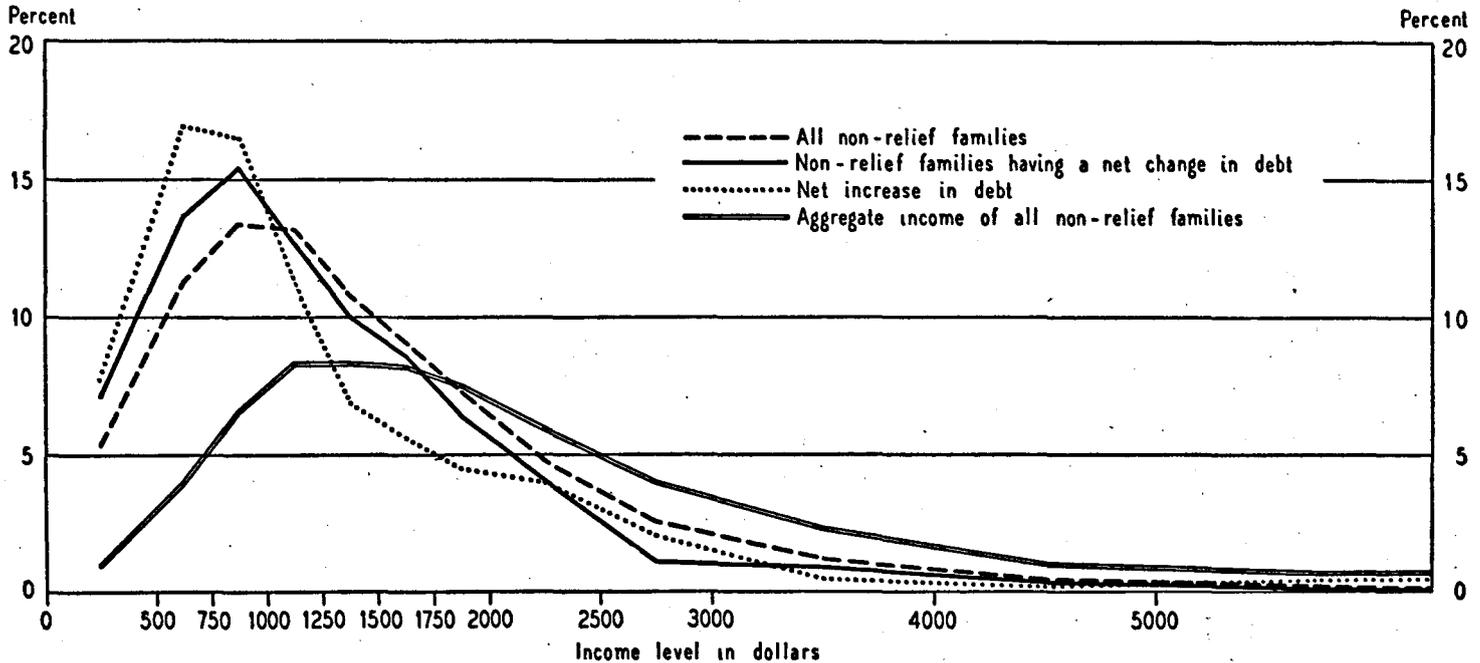
Of the families indebted for charge account purchases in 1935-36, almost 90 percent had incomes of less than \$2500 a year and 65 percent fell below the \$1500 level. These two groups accounted for 85 percent and 67 percent respectively of the total net increase of \$112,000,000 in charge account outstandings attributed to non-relief families.

A comparison of the distribution of families indebted for charge accounts and the distribution of all non-relief families, presented in Chart XXI, shows that each income class below \$1000 encompassed a larger proportion of families indebted for charge account purchases than of all non-relief families, and that in each income group above \$1000 the opposite relationship obtained.

Each income level below \$1250 had a larger share of the net increase in debt than of the total income for non-relief families. Over 43 percent of the families indebted had incomes below \$1000 although only 35 percent of all the non-relief families in the country were in this income class. These indebted families with incomes under \$1000 incurred almost 50 percent of the net increase in charge account debt, an amount more than proportionate to the number of families indebted and to the corresponding segment of all non-relief families as well. Furthermore, as Chart XXI shows also, families with incomes of less than \$1000, though responsible for almost half the net increase in debt, received less than 13 percent of the total income of non-relief families. Less than 38 percent of the debtor families had incomes between \$1000 and \$2000, as compared with 40 percent of all non-relief families, and their share of the net increase in charge account debt was disproportionately low (28 percent) as compared with their share of aggregate income (32 percent). The income levels between \$2000 and \$3000 represented about the same fraction of net debt increase as of families indebted

Chart XXI

Percentage Distribution of All Non-Relief Families, of Non-Relief Families Having a Net Change in Charge Account Debt, of the Net Increase in Such Debt, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Income Level



CHARGE ACCOUNT DEBT

(12 percent), but received almost 20 percent of the total income. The emphasis shifts, however, for families with incomes above \$3000; although this group accounted for almost 10 percent of the non-relief population, it furnished only 6.5 percent of the families indebted; these in turn were responsible for 11 percent of the net increase in debt and were the recipients of over 35 percent of the total income of non-relief families.

It is not surprising to find the use of charge accounts so heavily concentrated among low-income families since this particular type of credit is applied to a considerable extent to the purchase of goods of low unit price. Although no breakdown of the charge account data by type of commodity is available, the distribution of open account sales (in terms of volume of credit) by type of store as shown in the U. S. Census of Business for 1935⁴ lends support to this observation. According to the census figures, over 25 percent of the dollar volume of charge account sales was contributed by food stores and another 5 percent by general stores which sold food also; general merchandise and apparel stores were responsible for 20 percent of the charge account sales volume, lumber, building and hardware supply stores for 14 percent and miscellaneous retail stores for another 14 percent. Less than 9 percent of the dollar volume of open account sales related to the automotive group.⁵

The net addition to income resulting from the use of charge account credit was almost insignificant; it amounted to less than .3 percent of the aggregate income for non-relief families during 1935-36. Here too, however, as in the case of instalment and cash loan credit, considerable variation in the proportion of income represented by the net increase in

⁴ U. S. Census of Business, 1935, *Retail Distribution*, vol. 6.

⁵ Including automobiles as well as parts. This figure may be compared with the finding brought out in the analysis of instalment debt (Chapter 2) that almost 60 percent of the net increase in instalment debt in 1935-36 was ascribed to automobile purchases.

debt may be noted for the different income levels. The net addition to income amounted to over 2 percent for families in the lowest income level (under \$500) and to over 1 percent for families receiving \$500 to \$750. For those above the \$1250 level the supplement to purchasing power arising from the use of charge account credit appears to have been quite negligible. For families actually using this form of credit the resultant increase in purchasing power was more significant, since it added over 2 percent to their incomes. Analyzed by income groups, the ratio of net increase to income declined from almost 12 percent for those under \$500 and 8 percent for the \$500-750 level to approximately 1 percent for families with incomes above \$3000.

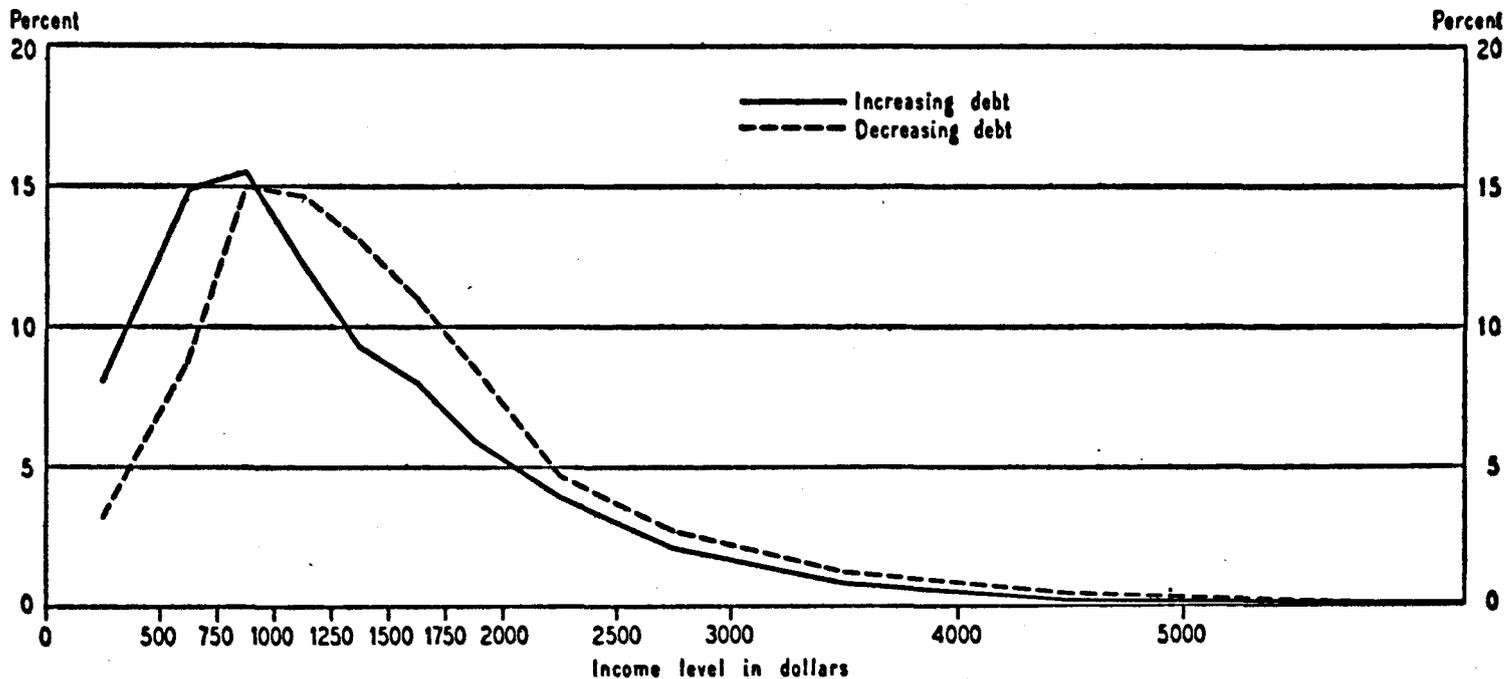
THE PATTERN OF INCREASE AND DECREASE IN CHARGE ACCOUNT DEBT⁶

The period of cyclical upswing with which we are concerned witnessed a considerable expansion in charge account debt as in other fields of consumer credit: more than 80 percent of all families with a net change in charge account outstandings increased the amount due and less than 20 percent decreased it. The ratio of the number of families increasing to the number decreasing debts varied with income level, with lower-income families exhibiting a more pronounced tendency to augment their accounts than families with greater resources. Among families with incomes under \$500 over 93 percent of those indebted for charge account purchases increased the amount owed. The proportion declined fairly consistently with rises in income until in each of the income groups between \$1000 and \$4000 it stood between approximately 75 percent and 79 percent. The ratio of families increasing charge account debt to those with a net change in such debt fell to less than 71 percent for the income group \$4000 to

⁶ See Tables C-2, C-3, C-5, and C-6 for complete data on this topic.

Chart XXII

Percentage Distribution of Non-Relief Families Increasing Charge Account Debt and of Non-Relief Families Decreasing Such Debt, 1935-36, by Income Level



\$5000 but rose again to 82 percent for the income group of \$5000 or over.

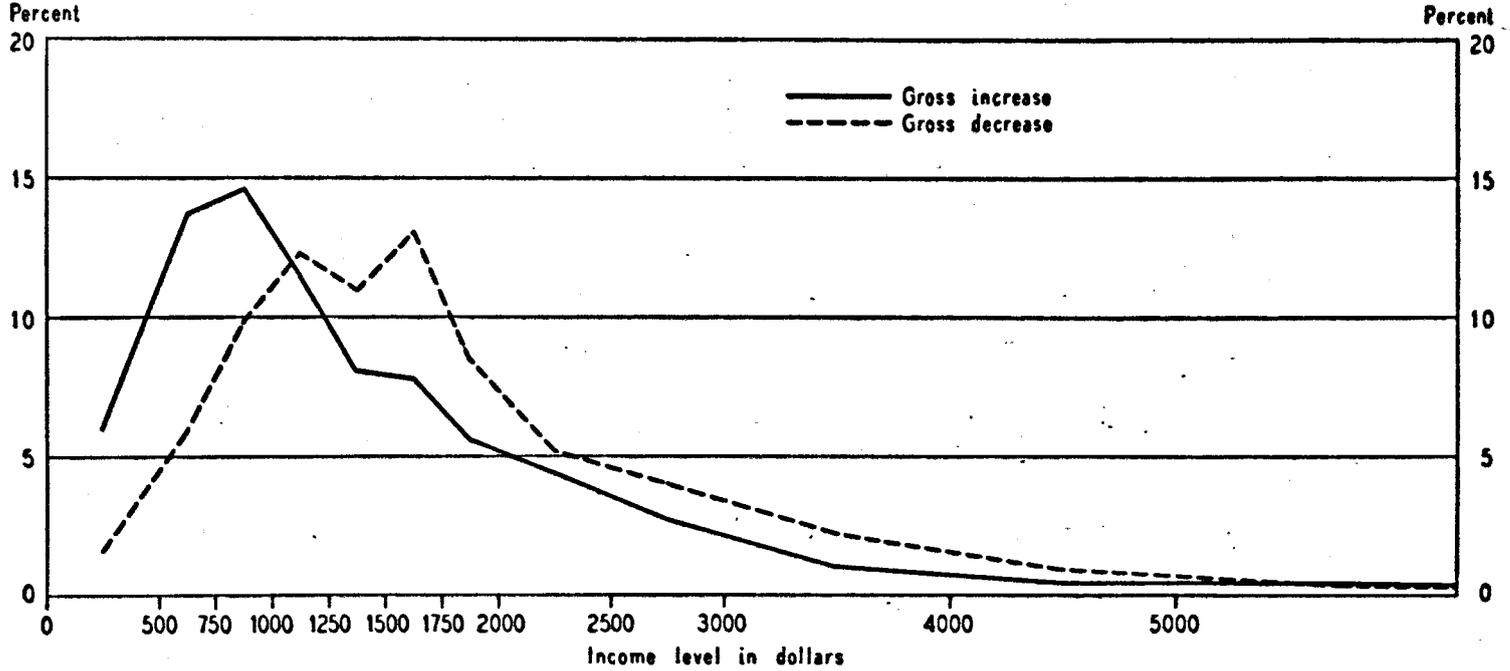
The tendency for lower-income families to increase charge account debt more than higher-income families is further illustrated in Chart XXII which shows that the income bands under \$1000 included a larger proportion of families increasing than of families decreasing debt. Over 56 percent of the families increasing debt were in this income grouping, as compared with only 30 percent of the families whose outstandings were reduced during 1935-36. It is apparent from Chart XXIII, moreover, that families with incomes under \$1000 accounted for a much larger proportion of the gross increase than of the gross decrease in debt—over 40 percent of the former as compared with less than 19 percent of the latter. Both the gross increase and the gross decrease ascribed to the low-income families were, however, less than proportionate to the number of these families.

Each of the income levels above \$1000 (with the exception of the \$5000-and-over grouping) included a more than proportionate share of the families decreasing charge account debt. Families in these income classes were responsible, furthermore, for more of the gross decrease in debt than of the gross increase. The middle-income group, receiving between \$1000 and \$2000, contributed 33 percent of the gross increase and 45 percent of the gross decrease in charge account debt. Families with incomes above \$2000 are credited with approximately 27 percent of the gross increase and 36 percent of the gross decrease, although only 18 percent of the families increasing charge account debt and 22.5 percent of those decreasing it fell within this income class.

The families which went deeper into debt for charge purchases augmented the amount due, on the average, by approximately \$70, whereas the families which reduced their debt cut down the sum owed by almost \$90. Both average increase and average decrease in charge account debt rose with

Chart XXIII

Percentage Distribution of Gross Increase and Gross Decrease in Charge Account Debt for Non-Relief Families, 1935-36, by Income Level



income. Average increase ranged from a minimum of \$53 in the \$0-500 class to a maximum of over \$250 in the highest income level, and average decrease from a minimum of \$45 in the lowest income level to a peak of \$290 in the highest. Families with incomes between \$500 and \$2000, however, had only slight variations in average debt increase.

Chart XXIV shows that as income mounted, both average increase and average decrease in charge account debt constituted a diminishing proportion of the family receipts. Average increase in debt amounted to 17 percent of the average income received by families in the class below \$500, and to less than 9 percent in the \$500-1000 class. For families in the income levels above \$3000, however, this ratio did not exceed 3 percent. Similarly the ratio of average decrease in charge account debt to average income declined from over 14 percent for families receiving under \$500 to little more than 3 percent for those with incomes of \$5000 or more.

The average increase in charge account debt was less than the average amount of the decrease for all levels of income combined, and also in each income level above \$1000, a finding which indicates that in general total charge account purchases per family amounted to less in the period 1935-36 than they had in the preceding year.⁷ Lower-income families exhibited the reverse tendency, for below the \$1000 income level average increase was larger than average decrease in debt.

DIFFERENCES IN CHARGE ACCOUNT INDEBTEDNESS ACCORDING TO TYPE OF COMMUNITY⁸

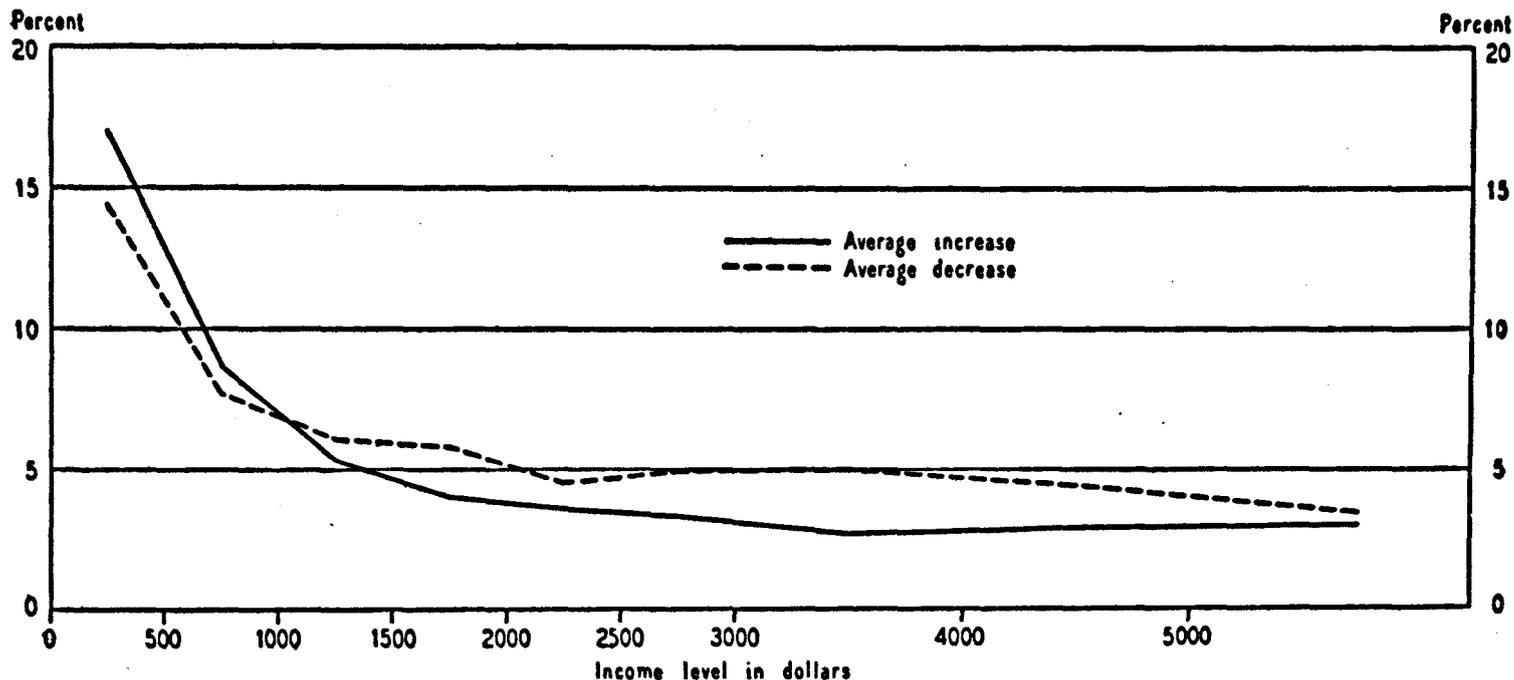
The extent of use of charge account credit differed from one type of community to another. The highest frequency (14

⁷ Average net charge account sales per customer totaled \$118 in 1935 and \$103 in 1936. *Credit Management Year Book* (1936-37) p. 228. A corresponding figure for 1934 is not available.

⁸ See Tables C-7 through C-12 for detailed breakdowns of the data by type of community.

Chart XXIV

Ratio of Average Increase and of Average Decrease in Charge Account Debt for Non-Relief Families to Average Income of Such Families, 1935-36, by Income Level



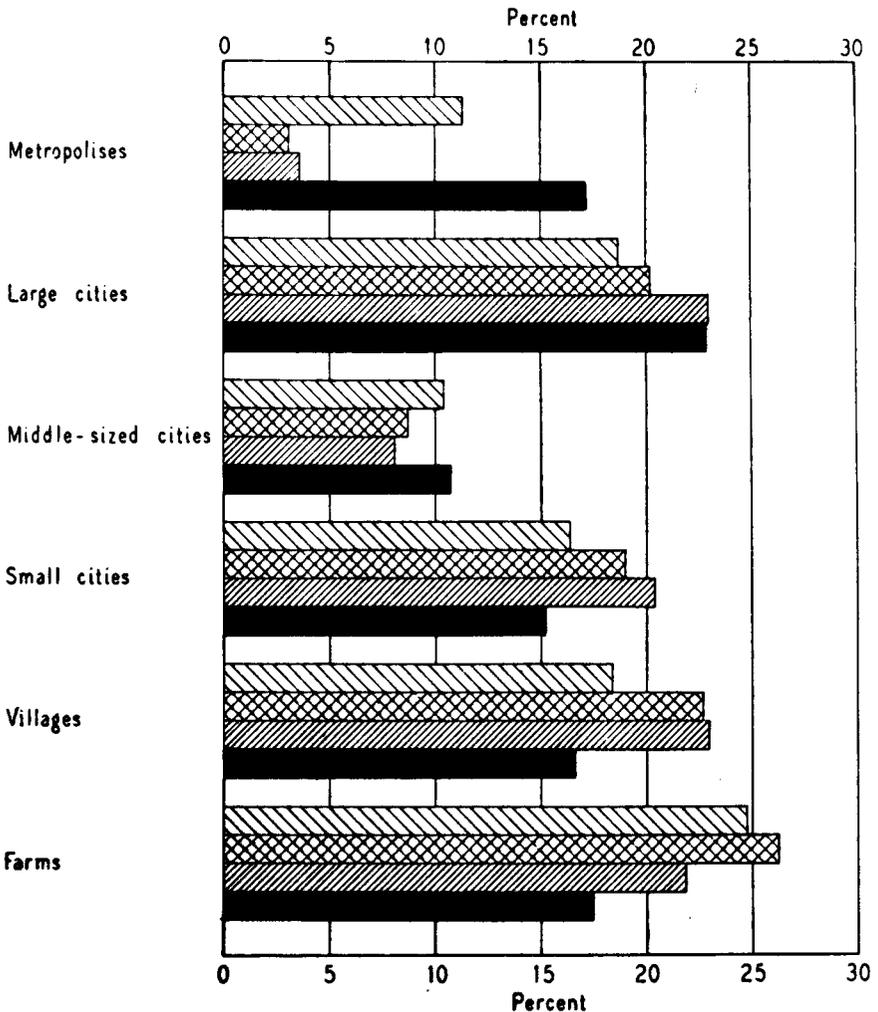
percent) was noted for families living in villages; these were followed by residents of small cities (13 percent). Of the families living in large cities and on farms approximately 12 percent were indebted for charge purchases, and of families in middle-sized cities less than 10 percent. These data indicate that charge accounts are an important means of consumer financing not only for families whose incomes are received weekly or monthly but also for those whose income is concentrated during a few months of the year. Particularly striking is the fact that this type of indebtedness was much less common in metropolitan centers than in any other type of community: only 3 percent of the metropolitan families changed the amount owed for charge account purchases in the period under discussion.

Variations in the use of charge account credit are revealed also, as in Chart XXV, by a percentage distribution of families indebted for charge account purchases and by a distribution of the net increase in debt according to type of community. Metropolises, comprising over 11 percent of all non-relief families which obtained over 17 percent of the total income for such families, had only 3 percent of the families indebted for charge account purchases and accounted for less than 4 percent of the net increase in debt. Although the divergence was not so marked, middle-sized cities too had a less than proportionate body of charge account debtors as compared with their contribution to the non-relief population, and a still smaller share of the net increase in debt. On the other hand, large and small cities and village communities, particularly the latter, had disproportionately large percentages both of families indebted for charge purchases and of the net increase in charge account debt. The share of the net increase in debt attributable to families in large cities, however, was about proportionate to their share of the aggregate income, whereas families in small cities and villages, though obtaining only 32 percent of the total income, accounted for over

Chart XXV

Percentage Distribution of All Non-Relief Families, of Non-Relief Families Having a Net Change in Charge Account Debt, of the Net Increase in Such Debt, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Type of Community

-  All non-relief families
-  Non-relief families having a net change in debt
-  Net increase in debt
-  Aggregate income of all non-relief families



43 percent of the net increase. Finally farm communities, with more families indebted for charge account purchases than the size of their non-relief population would appear to warrant, accounted for a less than proportionate share of the net increase in charge account debt as compared with their population, but for a greater share of the net increase as compared with their portion of the total income.

If we analyze frequency of debt according to income level for the various types of communities, we find that it was highest in villages and small cities only among families below the \$1500 income level.⁹ For families whose income exceeded this amount frequency of charge account debt was generally highest in large cities. Other communities varied in ranking with gradations in income level, but metropolises consistently showed the lowest frequency of charge account debt for families in every income grouping.

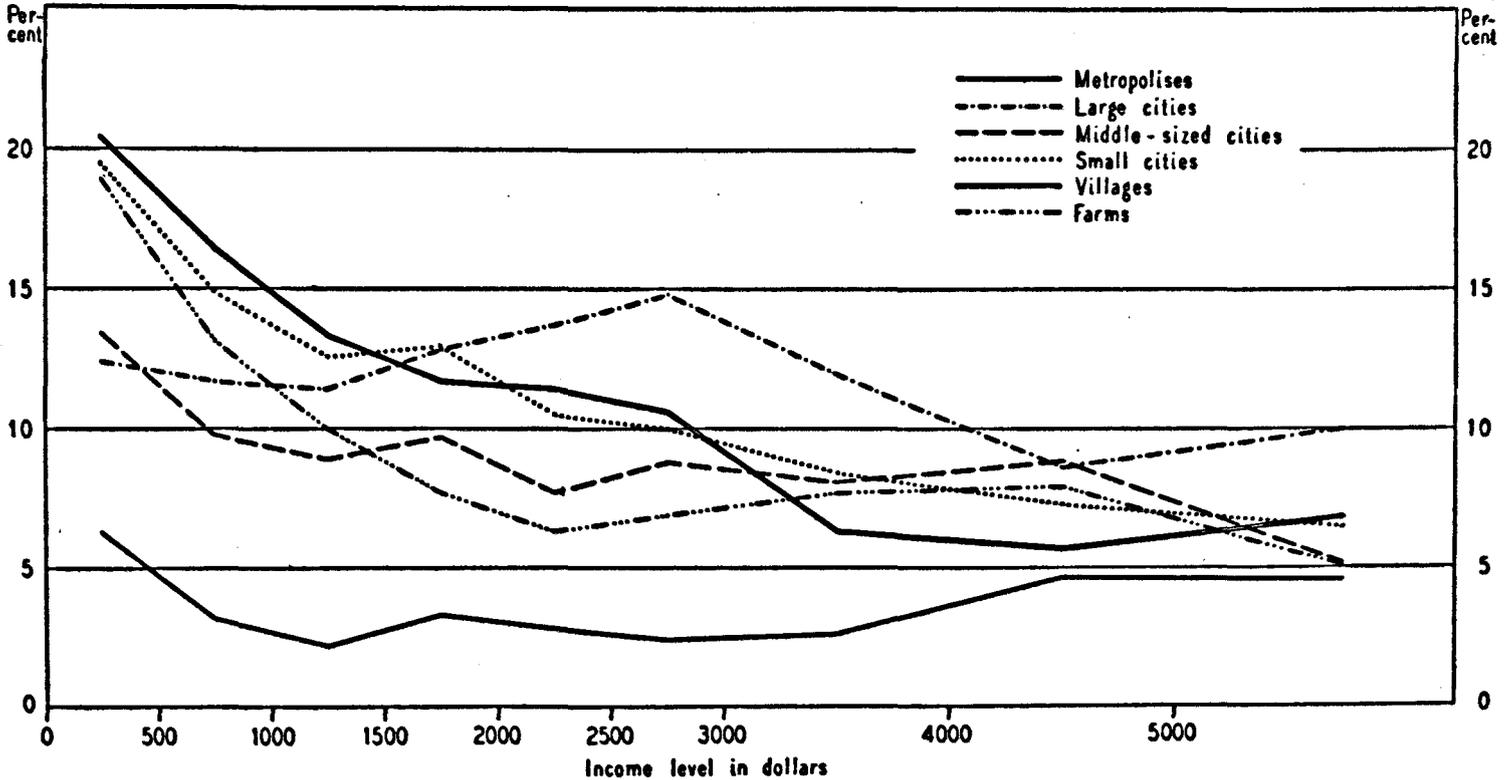
As Chart XXVI indicates, in the smaller types of community peak frequency of debt was reached in the lowest income level, declining more or less steadily as income advanced. In large cities, after dropping off from the \$0-500 to the \$1000-1500 level, frequency of debt moved upward to a peak at \$2500-3000; this finding may well reflect the wider influence of department store charge account credit upon the budgets of middle- and higher-income families. Perhaps for the same reason a similar trend was apparent for metropolitan areas, where frequency of debt increased at the \$1500-2000 level and again at the level of \$4000 or more.

Although it is true that in every type of community more families were increasing than were decreasing charge account debt, a comparison of the distribution of these families discloses some variations in the responses of different types of community to a period of renewed business activity. We find, for example, that farm families exhibited a less marked tend-

⁹ It will be recalled that for all income levels, villages and small cities likewise stood highest in frequency of debt. See above, pp. 83, 85.

Chart XXVI

Percent of Non-Relief Families Having a Net Change in Charge Account Debt, 1935-36, in Six Types of Community, by Income Level



ency to increase charge account debt than families in other communities; less than 25 percent of the families increasing their outstandings but almost 35 percent of those decreasing their debts lived on farms. These same families contributed less than 27 percent of the gross increase in charge account debt but as much as 39 percent of the gross decrease. Metropolises, large cities and small cities, on the other hand, supplied a somewhat larger proportion of families augmenting their commitments than of families reducing them; these communities also had a larger share of the gross increase than of the gross decrease. In middle-sized cities and villages families increasing charge account debt just about balanced the proportion of families decreasing it.

Data showing the average increase and average decrease in charge account debt do not indicate any striking differences in the total obligations per family in different types of community except as between farm and metropolitan dwellers. Farm families in each income class had either the largest or the next to the largest average debt increase and average debt decrease as well. In contrast, metropolitan families in virtually every income level had the lowest averages for both the increase and the decrease in the amount due for charge purchases. A comparison of the data for farm families with that for families in all non-farm communities combined, shows that the former had a larger average increase and a larger average decrease in debt in each income level than did the latter.

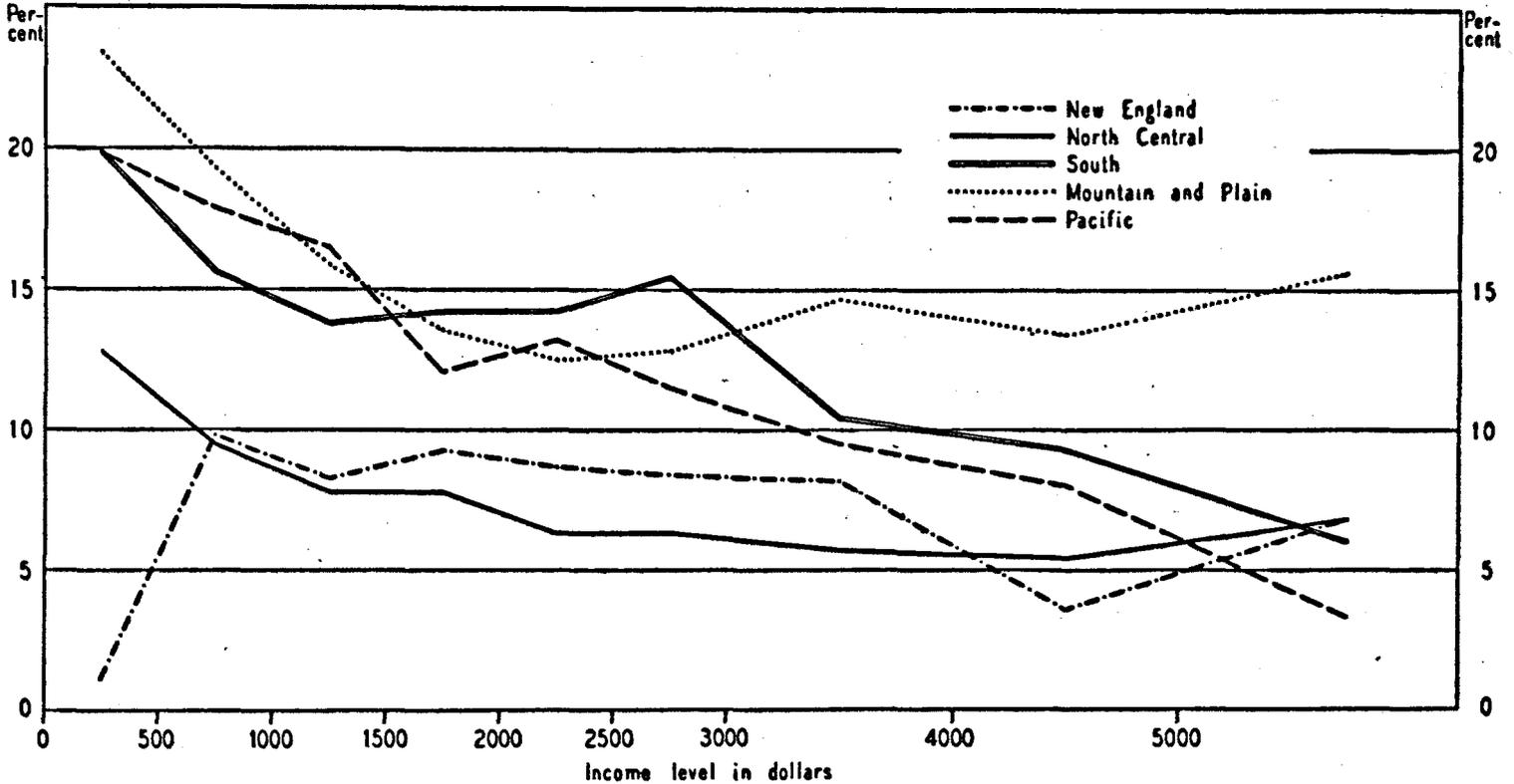
REGIONAL VARIATIONS IN THE PATTERN OF CHARGE ACCOUNT DEBT¹⁰

Charge account credit was used most extensively by non-relief families in the West and South, as Chart XXVII indicates. In the Mountain and Plain region one out of six fami-

¹⁰ See Tables C-13 through C-16.

Chart XXVII

Percent of Non-Relief Families Having a Net Change in Charge Account Debt, 1935-36, in Five Regions, by Income Level



lies was indebted for charge account purchases, in the South less than one out of seven, and in the Pacific region just about one out of seven, but in New England and the North Central region only one family in twelve had a change in this type of indebtedness for the period under discussion.

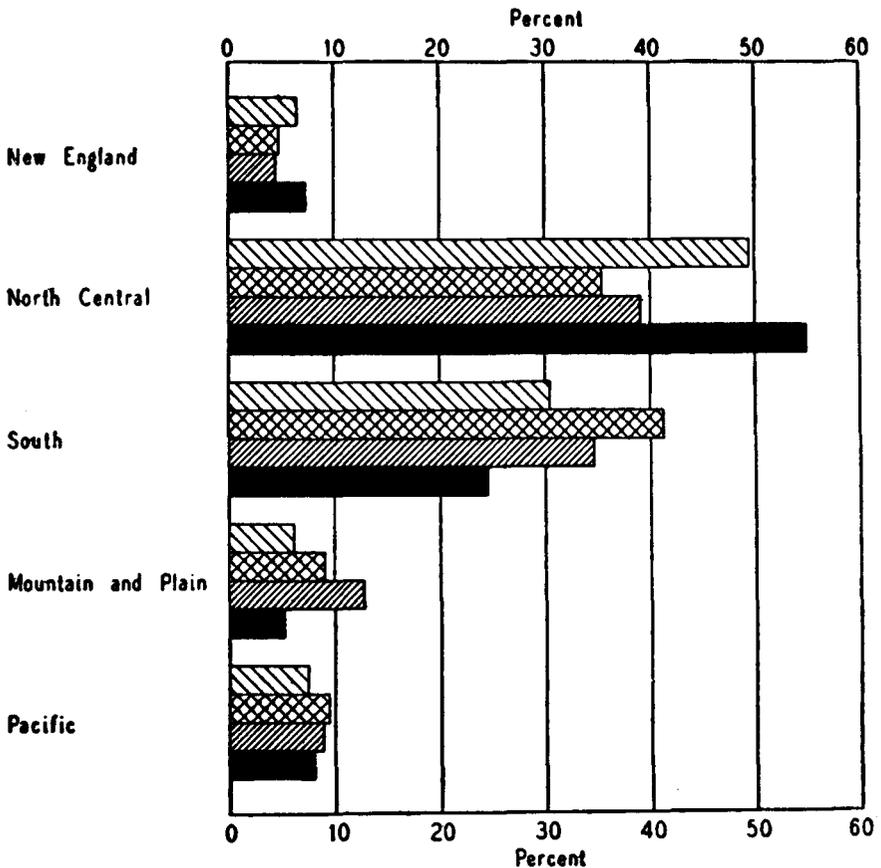
Although they encompassed more than half (56 percent) of all the non-relief families in the country, the North Central and New England regions included only two-fifths of the families indebted for charge account purchases while accounting for 44 percent of the net increase in such debt. It is noteworthy, too, that these two regions received over 62 percent of the aggregate income of all non-relief families. Chart XXVIII illustrates the fact that the other regions all had a more than proportionate share of families indebted and of the net increase in debt than of all non-relief families or of the share of the total income they obtained. In the South dwelt less than one-third of all non-relief families but over two-fifths of the families indebted for charge account purchases; these families were responsible for approximately 35 percent of the net increase in debt though only 25 percent of the total income went to Southern families. In the Mountain and Plain region there were less than 7 percent of all the non-relief families; they received about 5 percent of the aggregate income, but supplied 9 percent of the families with charge account indebtedness and almost 13 percent of the net increase in outstandings.

For each income class the frequency of debt was generally lowest in the North Central region and next to the lowest in New England. The other regions interchanged first, second and third place with gradations in family income. More families in the \$0-500 group than in any other were indebted for charge accounts in every region but New England, where the peak was reached in the \$500-1000 income class. Three regions, the North Central, the New England and the Mountain and Plain, showed an increase in frequency of charge ac-

Chart XXVIII

Percentage Distribution of All Non-Relief Families, of Non-Relief Families Having a Net Change in Charge Account Debt, of the Net Increase in Such Debt, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Region

-  All non-relief families
-  Non-relief families having a net change in debt
-  Net increase in debt
-  Aggregate income of all non-relief families



count debt for the \$5000-and-over group as compared with the income classes immediately below this level.

In every region, as in every type of community, more families were increasing than were decreasing charge account

indebtedness. The tendency to add to such obligations was most marked in the South, which included over 42 percent of the families augmenting the amount owed but less than 37 percent of those reducing it. The South's share of the gross increase, however, was only 34 percent as compared with 33 percent of the gross decrease. All other regions had larger proportions of the families cutting down their charge account debt than of the families increasing it.¹¹ The Mountain and Plain region had a more than proportionate share of both the gross increase and the gross decrease in debt, whereas in other regions the distribution of the gross increase and the gross decrease was generally commensurate with the number of families increasing or decreasing this type of debt.¹² We may infer from these data that the sum owed per family for charge account purchases was greatest in the Mountain and Plain region and smallest in the South.

¹¹ The difference was negligible in New England.

¹² Except in the North Central region, which had a slightly more than proportionate share of the gross increase.

The Market for Consumer Credit

THE separate patterns of instalment, cash loan and charge account debt have been traced in some detail in the three preceding chapters. This concluding discussion attempts not only to summarize the most significant findings already noted, but also to combine them in a synthesis which will serve as a composite picture of the entire market for consumer credit.¹ In addition, it affords a rough gauge of the significance of this credit as an addition to or drain upon consumer purchasing power. The reader is cautioned once again, however, that the data basic to the analysis are subject to specific limitations, which have been set forth in the first chapter of this study. These qualifications must be applied to any interpretation of the conclusions presented here.

A COMPARISON OF THE PATTERNS OF INSTALMENT, CASH LOAN AND CHARGE ACCOUNT DEBT

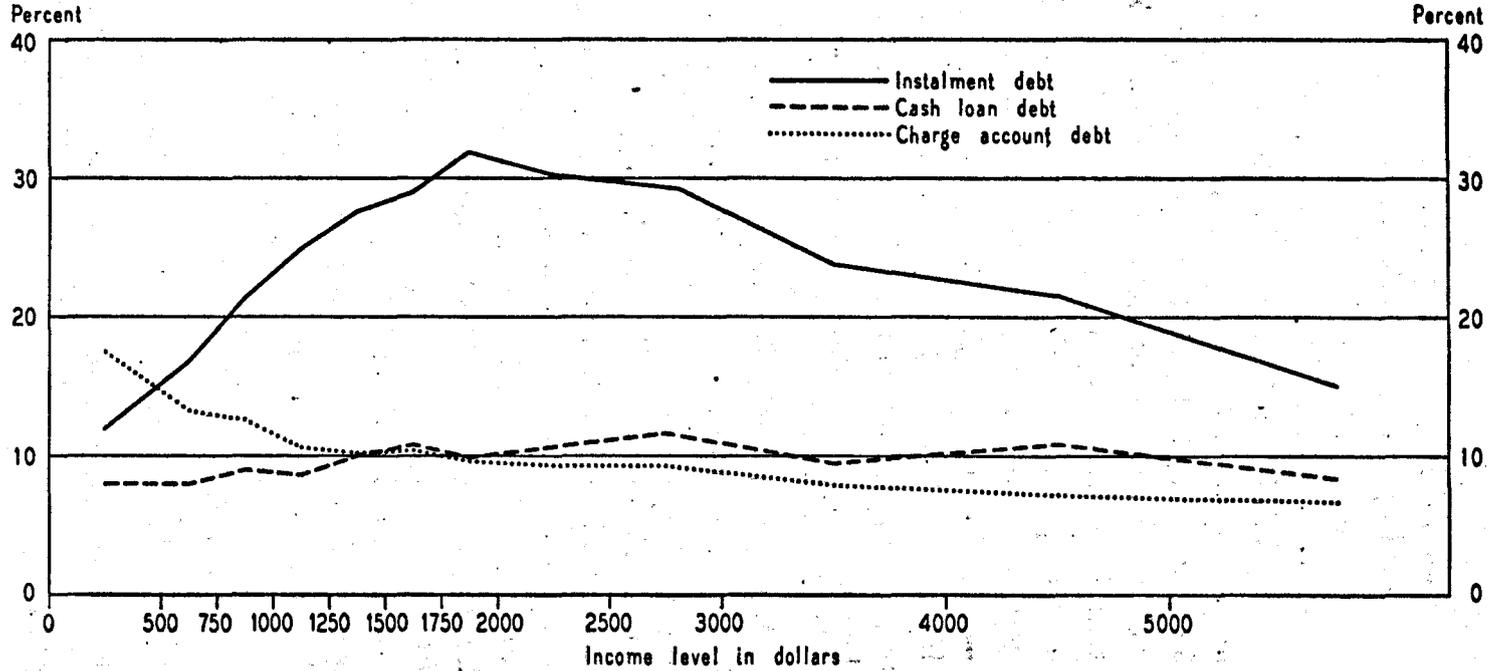
In the period 1935-36, approximately one-quarter of all non-relief families had a net change in debt for instalment purchases as compared with one-eleventh for cash loans and one-ninth for charge accounts.² Chart XXIX illustrates the

¹ Certain items in the schedules are not covered in any of the estimates presented in this study. These are changes in mortgages, rents or taxes due, notes due to individuals, "other bills due" and miscellaneous debts, and are excluded from consideration here because they are not generally regarded as integral features of consumer instalment credit.

² The reader's attention is directed once more to the discussion of terminology

Chart XXIX

Percent of Non-Relief Families Having a Net Change in Instalment Debt, Cash Loan Debt, or Charge Account Debt, 1935-36, by Income Level



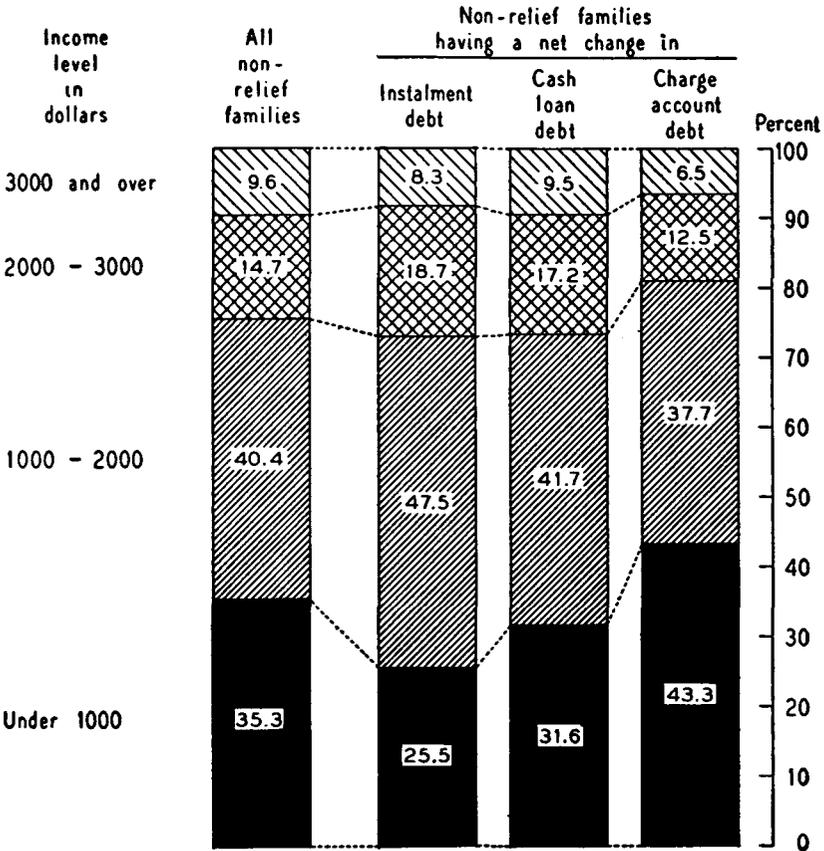
differences in the employment of these three types of credit by the several income groups. Frequency of instalment debt rose from 12 percent in the lowest-income level (under \$500) to a peak of 32 percent at the \$1750-2000 band, and then went down steadily. Frequency of cash loan debt varied with income level, but not so consistently or so widely; it ranged from a minimum of 8 percent in the income levels under \$750 to a peak of almost 12 percent in the \$2500-3000 class. For charge account debt an altogether different trend is to be noted: here frequency of debt reached its highest point—almost 18 percent—in the lowest-income band and then decreased steadily until it had fallen below 7 percent for families with incomes of \$5000 and over.

If we study these three types of consumer credit from the aspect of the income distribution of the families using them, it becomes apparent that in this respect also charge accounts must be distinguished sharply from both instalment purchases and cash loans. As may be noted in Chart XXX, about 43 percent of the families with a net change in charge account debt had incomes of under \$1000, as compared with less than 26 percent of the instalment debtors and 32 percent of the cash loan debtors. Since over 35 percent of all families had incomes of less than \$1000, this group included a less than proportionate share of instalment or cash loan debtors. The income grouping \$1000-2000, comprising about 40 percent of all non-relief families, embraced 48 percent of the families with instalment debt, 42 percent of those making payments on cash loans, and 38 percent of the charge account debtors. Families with incomes of \$2000 or more constituted about the same proportion of instalment as of cash loan debtors (27 percent for each) but only 19 percent of the families owing for charge account purchases—a further indi-

and to the qualifications which must be borne in mind with regard to the estimates of the extent of use of charge account credit. See above, pp. 13-17 and 74-75.

Chart XXX

Percentage Distribution of All Non-Relief Families and of Non-Relief Families Having a Net Change in Instalment Debt, Cash Loan Debt, or Charge Account Debt, 1935-36, by Income Level

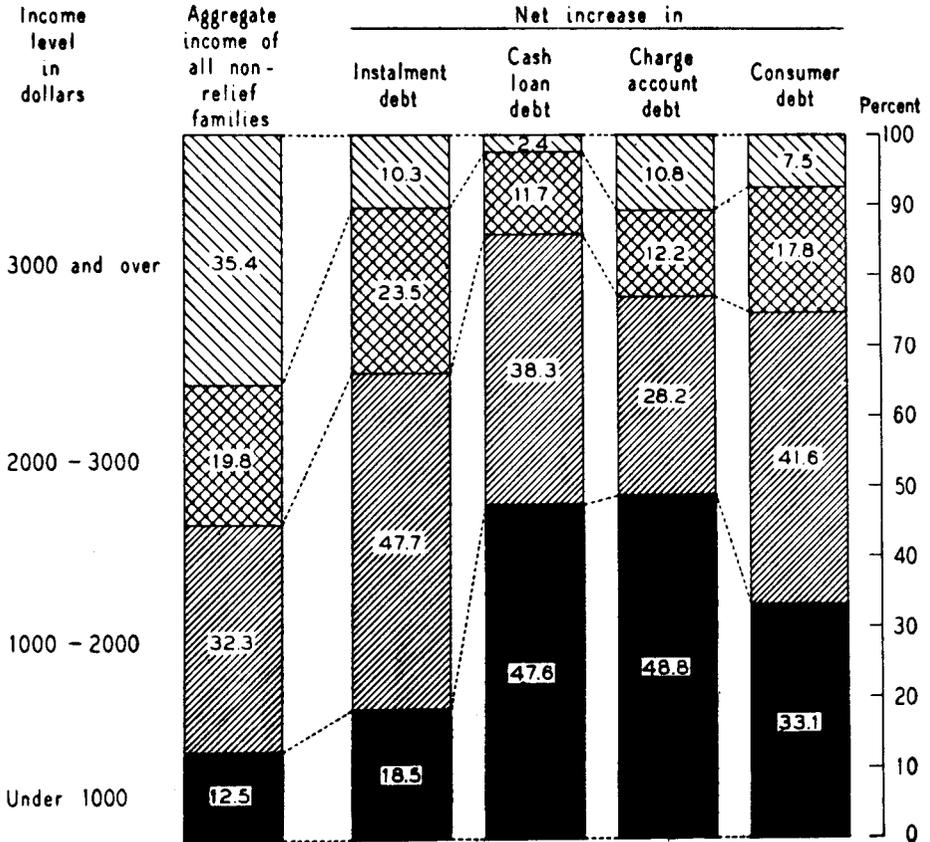


cation of the concentration of charge account debt among the relatively poor families.

Even greater contrasts are brought out in Chart XXXI, which shows the distribution of the net increase in each type of debt. Approximately 48 percent of the net increase in both cash loan and charge account debt was attributable to families with incomes of less than \$1000, but for instalment debt families in this income grouping incurred less than 19 percent of the net increase. If we compare these percentages with

Chart XXXI

Percentage Distribution of the Aggregate Income of All Non-Relief Families, and of the Net Increase in Instalment Debt, Cash Loan Debt, Charge Account Debt, and Consumer Debt for Such Families, 1935-36, by Income Level



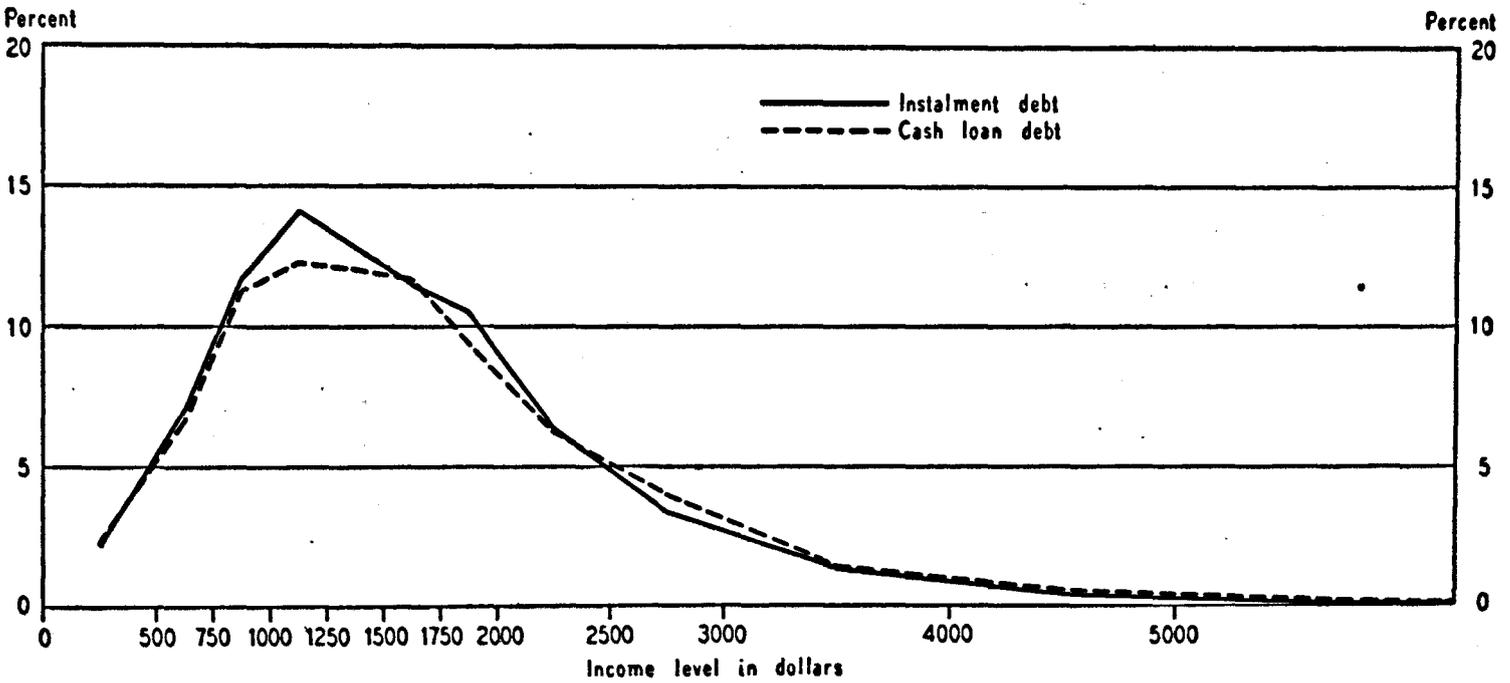
the proportion of the aggregate income (less than 13 percent) received by non-relief families in the income levels below \$1000, we find that for each type of debt these families had a share of the net increase more than commensurate with their share of income and that the disparity is especially marked for both cash loan and charge account credit. Almost 48 percent of the net increase in instalment debt, on the other hand, was attributable to families receiving incomes

of \$1000 to \$2000, although they were responsible for only 38 percent and 28 percent of the net increase in cash loan and charge account debt respectively. These families had more than proportionate shares of the net increase in instalment and cash loan debt as compared with their portion of the total income, but a less than proportionate share of the net increase in charge account debt. Families with incomes of \$2000 or more accounted for a larger share of the net increase in instalment debt (34 percent) than of the net increase in cash loan debt (14 percent) or charge account debt (23 percent). Those with incomes between \$2000 and \$3000 had a more than proportionate share of the net increase in instalment debt, but disproportionately small shares of the net increase in cash loan and charge account debt. For all three types of debt, families with incomes of \$3000 or more had less than proportionate shares of the respective net increases.

As we have pointed out before, credit extended on a monthly payment basis is less easily adapted to the irregular flow of farm income than to the more even flow of income for families in non-farm communities. If we consider only the non-farm families, we may compare the distribution of those which had a net change in instalment debt with the distribution of non-farm families indebted for cash loans. Thus Chart XXXII depicts the markets for retail instalment credit and for the predominantly instalment segment of cash loan credit. A comparison of the curves indicates that these two markets are much more alike than they appear to be when all non-relief families (including, of course, farm families whose indebtedness is not likely to be of the instalment type) are considered as a whole. Approximately 23 percent of the non-farm instalment debtors and the same proportion of cash loan debtors had incomes below \$1000. The \$1000-2000 level included 49 percent of the non-farm families indebted for instalment purchases and less than 46 percent of

Chart XXXII

Percentage Distribution of Non-Relief, Non-Farm Families Having a Net Change in Instalment Debt or Cash Loan Debt, 1935-36, by Income Level



those indebted for cash loans. Twenty-eight percent of the non-farm instalment debtors and 32 percent of the cash loan debtors had incomes of \$2000 or more. In fact the non-farm cash loan market is somewhat more heavily concentrated in the higher income levels than is the non-farm retail instalment credit market.

The addition to income resulting from the net increase in instalment debt in 1935-36 amounted to .9 percent for all families, but it varied with income level from almost 2 percent for families with incomes under \$500 to less than .1 percent for families receiving \$5000 and over. Cash loan and charge account debt showed even wider variations in this respect. The net increase in cash loan debt as a percentage of income, amounting to approximately .6 percent for all non-relief families, declined from a maximum of almost 7 percent for families in the lowest level to $-.01$ for families in the highest level; and the net increase in charge account debt, which represented less than .3 percent of total income for all non-relief families, added over 2 percent to the purchasing power of families receiving less than \$500 but less than .1 percent to that of families with incomes of \$5000 or more.

If we study the addition to income for the families which used instalment credit, we find that the net increase amounted to almost 4 percent of their income, and that it declined from a peak of 15 percent in the under-\$500 income group to less than 1 percent for families with incomes of \$5000 or more. Cash loan debt showed by far the greatest variation in this respect: though the total addition to the income of families indebted for cash loans came to about 7 percent, families in the lowest group augmented the income they received by almost 84 percent through this medium of credit, whereas for the highest income group there was a slight net drain upon income during the period covered by our estimates. As for charge account debt, the net increase added slightly over 4 percent to the income of families with a net change in such

debt but for families with incomes below \$500 it amounted to 12 percent and for those with incomes of \$3000 or more to only 1 percent.

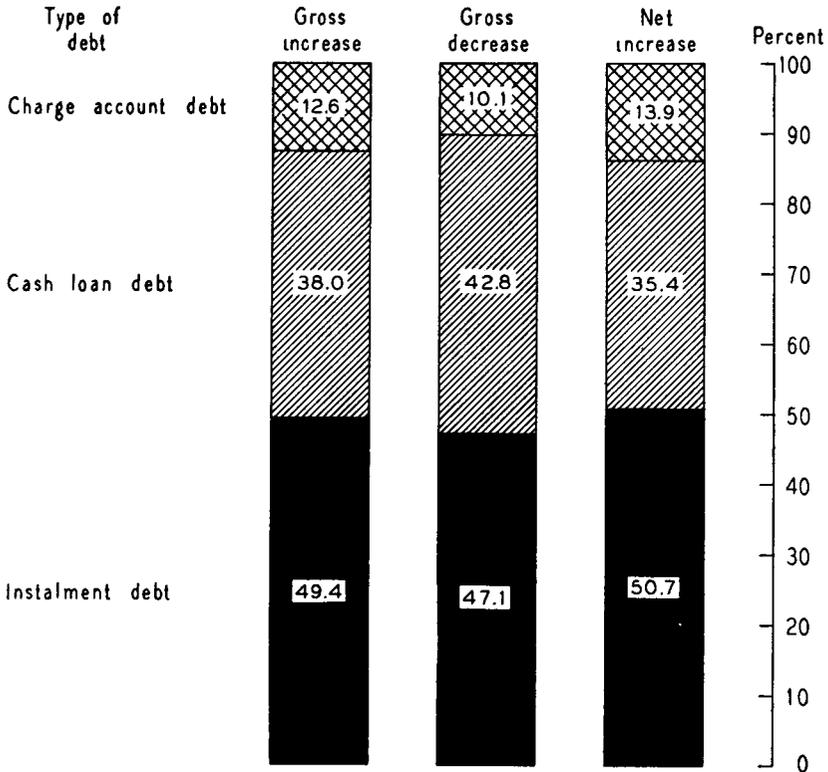
Instalment contracts gave rise to almost 50 percent of the gross increase and to 47 percent of the gross decrease in outstandings. Cash loan debt, on the other hand, accounted for a somewhat smaller proportion of the gross increase (38 percent) than of the gross decrease (43 percent). Charge account debt, like instalment debt, represented a larger proportion of the gross increase than of the gross decrease. The net increase in consumer debt in the period 1935-36 amounted to approximately \$805,000,000; of this total the increase in instalment outstandings accounted for almost \$408,000,000, or about 51 percent, in cash loan debt for \$285,000,000, or 35 percent, and in charge account debt for \$112,000,000, or 14 percent. The distribution of gross increase, gross decrease and net increase in consumer debt by types of debt in Chart XXXIII indicates the significance of each kind of credit in the total picture of the consumer credit market.

Although instalment debt easily led in net increase in outstandings as measured in terms of money, it fell below charge account debt with reference to the proportion of indebted families increasing their obligations. About 70 percent of the families having a net change in instalment debt augmented the amount they owed, as compared with 80 percent of the families involved in charge account debt. The percentage of families increasing cash loan debt was about the same as that for instalment debt. Lower-income families tended to increase each type of debt more than did higher-income families; this tendency was most marked below the \$1500 level for instalment debtors, below the \$1250 level for cash borrowers, and below the \$1000 level for charge account debtors.

Average increase and average decrease in debt outstanding per family were highest for cash loans—\$301 and \$259 respec-

Chart XXXIII

Percentage Distribution of Gross Increase, Gross Decrease, and Net Increase in Consumer Debt for Non-Relief Families, 1935-36, by Type of Debt



tively; these figures are to be compared with \$151 and \$122 for instalment debt, and with \$71 and \$89 for charge account debt. Average increase in debt was greater than average decrease in the case of instalment and cash loan debt, but the reverse situation obtained for charge account debt. For all three types of credit, however, both average increase and average decrease in indebtedness generally rose as income advanced but constituted a diminishing proportion of income as it ascended to the highest level.

The markets for instalment, cash loan and charge account credit varied according to type of community. Instalment

debt was most widely used in all but the very largest urban communities and least in metropolitan areas and on farms. Frequency of cash loan debt, on the other hand, was highest for families living on farms and lowest for those dwelling in middle-sized cities. For charge account debt families in villages and small cities showed the highest frequency, but were closely followed in this respect by residents of large cities and farms. Charge account credit, like instalment credit, was less extensively employed in metropolitan areas than in any other type of community.

For all three forms of consumer credit, more families were increasing than were decreasing obligations in each type of community. There were no marked differences as between the several types of community in the tendency to augment instalment debt, but it can be ascertained that farm families showed less inclination to increase cash loan and charge account debt than families in other types of community during this period of economic expansion.

As for sectional differences, frequency of instalment debt was highest in the Pacific region, but cash loan and charge account credit were used most extensively in the Mountain and Plain region. The lowest frequency of instalment debt was found in the North Central region, of cash loan debt in the South, and of charge account debt in both the North Central region and New England. In every region more families were increasing than were decreasing all three types of debt. Families in the North Central and Pacific sections exhibited the most pronounced tendency to increase instalment obligations, whereas those in the South tended to reduce instalment debt and at the same time to augment charge account debt. The movement to increase cash loan debt was strongest in the drought-afflicted Mountain and Plain region where, as we have already noted, it was most extensively used, and least marked in the North Central.

THE PATTERN OF CONSUMER DEBT

Unfortunately it is not possible, on the basis of data now available, to determine to what extent non-relief families carried more than one type of debt in the period 1935-36 and thus to calculate the percentage of families with a net change in consumer debt or to describe their distribution by income level. Because such figures would be of great interest we have attempted, however, to devise some sort of rough estimate. Thus we have set a lower and an upper limit to the frequency of consumer debt by assuming in the first instance that there was as complete overlapping as possible in the three forms of indebtedness and in the second instance that there was no overlapping of indebtedness at all.³ An average of the two sets of frequencies obtained in this manner may then be regarded as an indication, admittedly far from exact, of the frequency of consumer debt. According to such a computation, slightly over one-third of all non-relief families had a net change in consumer debt during 1935-36. The frequency of debt varied from a minimum of about 28 percent in the income levels below \$750 to a peak of almost 42 percent for families with incomes of \$1750-2000 and then declined consistently as income advanced until it stood at less than 23 percent for families with incomes of \$5000 or more.

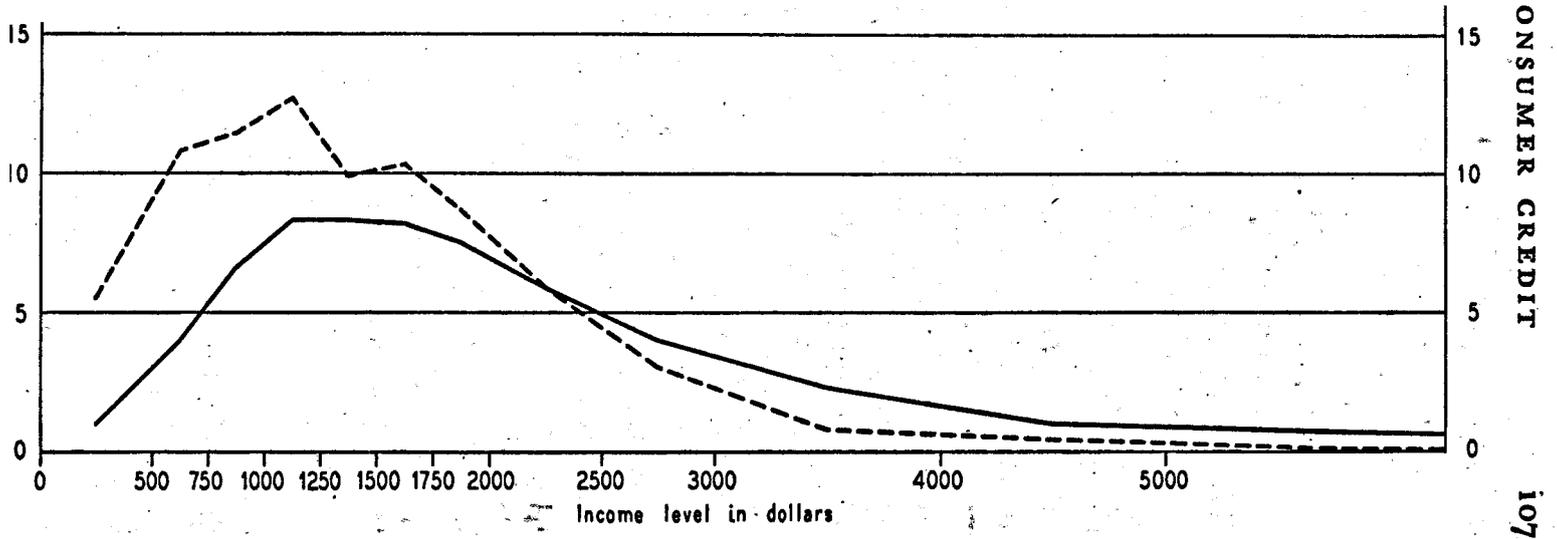
By setting a frequency of debt at the mid-point between the minimum and maximum frequencies, we have estimated also the distribution of families having a net change in consumer debt. From the distribution so derived, it appears that the income levels below \$1000 and those above \$3000 included a smaller proportion of families having a net change in consumer debt than of all non-relief families. The proportions of all non-relief families and of indebted families

³ See Table D-1 for data on the minimum and maximum frequencies of consumer debt and an explanation of their derivation. Complete data on consumer debt are presented in Tables D-1 through D-11.

were about equal in the \$1000-1250 group, but between this level and the \$3000 level the proportion of families having a net change in consumer debt was larger than that of all non-relief families. Almost 62 percent of the families indebted had annual incomes between \$1000 and \$3000, 30 percent fell below the \$1000 level and 8 percent had incomes of \$3000 or more.

The distribution by income classes of the combined net increase in all three types of debt, for which we have accurate data, affords another basis for a consideration of the market for consumer credit as a whole. Thus we note in Chart XXXIV that each income group below \$2000 had a share of the net increase in consumer debt more than commensurate with its share of the total income, and that each group above \$2500 had a less than proportionate share of the increase in debt.⁴ Families receiving annual incomes under \$1000 obtained less than 13 percent of the total income for non-relief families but nevertheless accounted for almost one-third of the net increase in consumer debt; and those with incomes from \$1000 to \$2000 also supplied a more than proportionate share of the net increase in the dollar volume of outstandings since they were responsible for almost 42 percent of the net increase in debt but received only 32 percent of the total income. On the other hand, families with incomes between \$2000 and \$3000 obtained almost 20 percent of the aggregate receipts and accounted for a slightly less than proportionate share (18 percent) of the net increase in debt; and families with incomes of \$3000 or more obtained over 35 percent of the total income but contributed less than 8 percent of the net increase in consumer debt. When so viewed, the distribution of the net increase in consumer debt appears to have been almost proportionate to the distribution of all non-relief families by income level but disproportionate to

⁴ The income group between \$2000 and \$2500 had a share of the net increase in consumer debt exactly equal to its share of total income.



the distribution of aggregate income among the income groups.

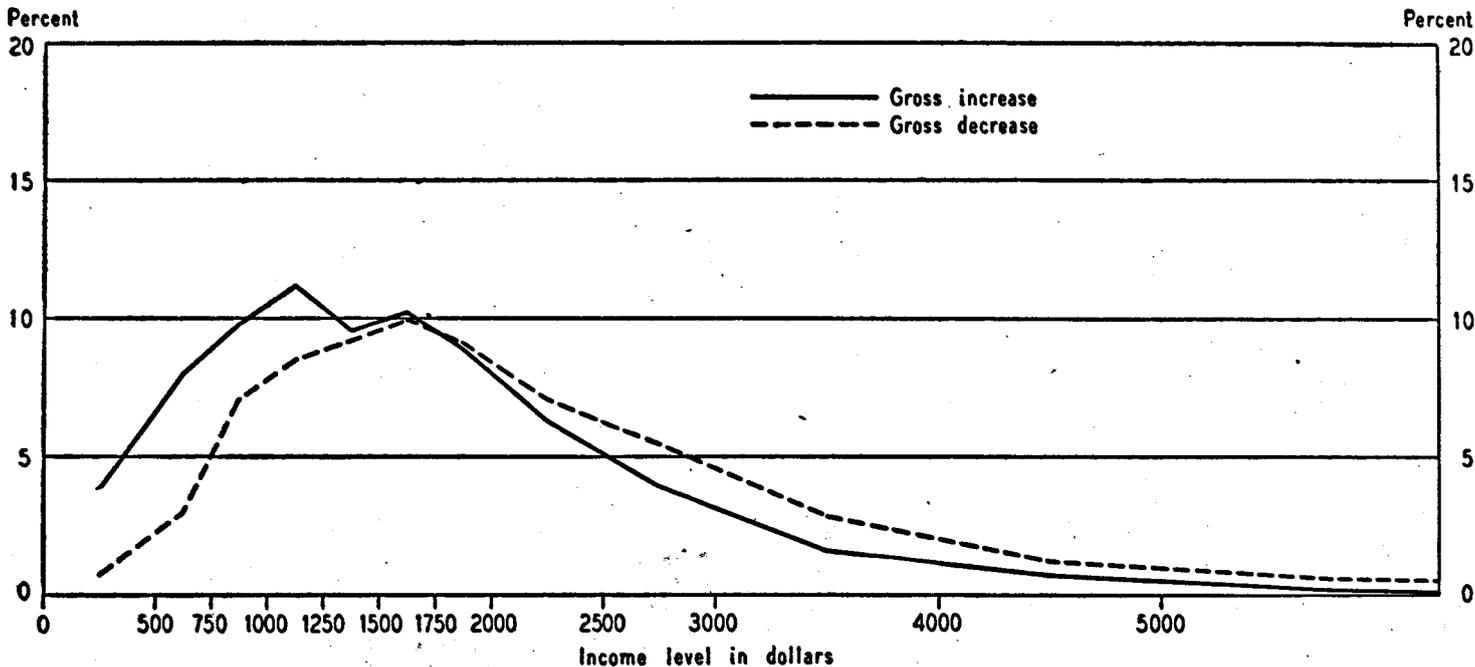
A significant finding concerning the distribution of the gross increase in consumer debt (\$1,257,500,000) and of the gross decrease (\$452,900,000) is illustrated in Chart XXXV. Here it is to be observed that each income group below the \$1750 level was responsible for a larger share of the gross increase than of the gross decrease in debt. This tendency was especially marked for the income groups below \$1250, which accounted for over 36 percent of the gross increase but for only 20 percent of the gross decrease in debt. Families with incomes of \$1250-2000 had a slightly larger share of the former than of the latter. Those with incomes of \$2000 or more, on the other hand, were responsible for 35 percent of the gross increase and for as much as 52 percent of the gross decrease in consumer debt.

It is especially noteworthy that although families in all income levels increased consumer debt to a greater extent than they decreased it, lower-income families exhibited the strongest tendency in this direction during a period of economic expansion. Since lower-income families went deeper into debt for each type of credit as well as for all types combined, it would appear that consumer credit in the year 1935-36 was applied primarily to the raising of a standard of living in anticipation of increasing income, and with particular intensity by families whose need was greatest. We must, however, take account not only of the increased willingness of the low-income borrower to contract heavier obligations when he expects conditions to continue to improve, but also of the lender's readiness to accept new risks during an expanding phase of a business cycle.

Consumer credit does not, of course, provide a family with the means of offsetting forever the limitations of an income inadequate to meet the cost of all commodities purchased. Debts incurred must be paid off sooner or later, and families

Chart XXXV

Percentage Distribution of Gross Increase and Gross Decrease in Consumer Debt for Non-Relief Families, 1935-36, by Income Level



which during one period increased their purchasing power through the medium of consumer credit must during some following period decrease their purchasing power correspondingly. Perhaps it was with such considerations in mind that approximately two-thirds of all non-relief families refrained from using consumer credit during the period 1935-36.

The fact that there was a net increase in consumer debt in every income level during the period 1935-36 should not be considered to imply that there was a net increase in total liabilities for each income group. On the contrary, since careful estimates show that American families effected a net saving of approximately \$4,800,000,000 during the period under discussion,⁵ it is apparent that the net increase in consumer debt was more than offset by net increases in assets or by decreases in other types of liability. The data on savings, it is true, relate to all families, both relief and non-relief, so that only an indirect comparison can be made with the data on consumer debt presented in this study. Even with this limitation, however, the estimates indicate that at least for every income group above the \$1250 level the net increase in consumer debt was more than offset by savings, and that the total net savings effected in these income levels exceeded \$6,200,000,000. Families in the income levels below \$1250, on the other hand, had net dissavings amounting to almost \$1,400,000,000.⁶

COMMUNITY AND REGIONAL VARIATIONS IN THE PATTERN OF CONSUMER DEBT

Following a procedure similar to that employed in the derivation of the frequency of consumer debt by income level, we

⁵ National Resources Committee, *Consumer Expenditures in the United States* (1939) Table 24A, p. 86.

⁶ This figure includes the net increase in consumer debt in these levels but covers relief as well as non-relief families.

have worked out figures showing the frequency for the several income groups by types of community and by regions of the country. With the midpoint between the upper and lower limits of the frequency of debt in each type of community considered as an approximation of the percent of families having a net change in consumer debt, it appears that consumer credit was used most widely by families in large and small cities and least extensively by families living in metropolises and on farms. About 44 percent of the families in large cities, 41 percent of those in small cities, 36 percent of those in middle-sized cities and villages, 26 percent of the farm families and less than 25 percent of the metropolitan families had a net change in consumer debt. If we compare all non-farm families with farm families, we find that 37 percent of the former but only 26 percent of the latter used consumer credit during 1935-36 and that frequency of consumer debt was higher among non-farm families in every income level except the lowest and the highest. Among non-farm families frequency of debt rose as income advanced, reaching a peak at the \$1500-2000 level and declining thereafter. For farm families, however, peak indebtedness was not attained until the \$2500-3000 level; it declined slightly for the succeeding level but touched the high point again at \$5000 or more. In general the frequency of consumer debt for the several income groups deviated from the frequency for all income levels combined by a much wider margin among non-farm than among farm families.

Although farm families had the next to the lowest frequency of consumer debt, they accounted for a more than proportionate share of the net increase in the dollar volume of consumer debt (25 percent) as compared with the farm share of total income (17.5 percent). Metropolitan families not only had the lowest frequency of debt but incurred only 8 percent of the net increase in debt while receiving about 17 percent of the total income. Families in

large cities and in small cities had about the same proportion of the net increase in debt as of the aggregate income but families in villages had a slightly larger, and those in middle-sized cities a somewhat smaller, share of the net increase in debt in relation to their part of the total income. The use of consumer credit added slightly less than 2 percent to the income received by families in all types of community during the period 1935-36. The addition to income varied by type of community, however, ranging from 2.6 percent for farm families to .8 percent for metropolitan families.

In every type of community the gross increase in consumer debt was greater than the gross decrease. No pronounced variation in the cyclical response to consumer credit is to be observed from one type of community to another, except that farm families were less inclined to increase obligations than families in other communities. Farm families were responsible for 35 percent of the gross decrease but for less than 29 percent of the gross increase in consumer debt.

The percent of families having a net change in consumer debt varied also by regions. Consumer credit was used most extensively by families in the Mountain and Plain and Pacific regions and least in the North Central. Between 45 and 46 percent of the non-relief families in the two western regions had a net change in debt, over 37 percent and 33 percent of those in the South and New England respectively, and about 29 percent of those in the North Central. Southern families tended to have the highest frequency of debt above the \$2000 level.

When the regional variation in the use of consumer credit is considered in terms of the distribution of the net increase in debt, it is apparent that the Mountain and Plain and Pacific regions had more than proportionate shares of this increase. These two regions together accounted for almost 25 percent of the net increase in consumer debt although they included less than 14 percent of all non-relief families

and obtained only 13 percent of the aggregate income. The South also had a slightly larger share of the net increase in debt than it did of total income. Families in New England and the North Central region, on the other hand, were responsible for less than 50 percent of the net increase in consumer debt but received over 62 percent of the total income for all non-relief families.

The addition to regional income resulting from the use of consumer credit during the period 1935-36 amounted to less than 2 percent for all regions combined, yet for the Mountain and Plain region it represented an addition of 4.5 percent to the incomes of all the non-relief families residing in that area. The addition to income—2.6 percent and 2 percent for families in the Pacific and Southern regions respectively—was only 1.4 percent for families in both New England and the North Central region.

In earlier chapters we have observed certain variations in regional response to the three separate types of consumer credit during the period of economic expansion with which we are here concerned. When all three types of credit are combined, however, no significant differences can be noted.

CONSUMER CREDIT AS AN ADDITION TO PURCHASING POWER

Let us consider, finally, the extent to which all forms of consumer credit combined constituted an addition to, or a drain upon, income or purchasing power during the period 1935-36. Studies of income have pointed to the markedly unequal distribution of purchasing power among different groups of families in the population. The question arises, therefore, whether the use of consumer credit tended to equalize the purchasing power of diverse income groups, and if so, to what degree.

By adding the figures on dollar volume for each type of

debt, we may determine what proportion of the income of non-relief families was represented by the gross increase, gross decrease and net increase in consumer debt. Such a calculation shows that for the non-relief population as a whole the gross addition to purchasing power resulting from the use of consumer credit during this period came to less than 3 percent of the total income received, and that after subtraction of repayments the net addition to income was less than 2 percent, or approximately \$805,000,000. Families in the lowest-income group (under \$500) acquired through the channels of consumer credit a net supplement to income amounting to over 10 percent of their annual income receipts. For the succeeding income bands up to the \$2000 level, consumer credit also augmented purchasing power, increasing the possible expenditures of families in these groupings from over 2 to almost 5 percent. On the other hand, for families receiving more than \$2000, especially those with incomes of \$3000 or more, consumer credit was relatively insignificant as a source of funds for additional spending. As for the gross decrease in consumer debt, which we may interpret as a drain upon purchasing power, it appears that there was relatively slight variation by income levels and little consistency in trend. On the whole this drain became intensified as income advanced from the lowest group up to the \$2500-3000 level, and then diminished. The ratio of gross decrease to aggregate income ranged from a maximum of 1.4 percent in the \$2500-3000 income level to a minimum of .5 percent for the \$5000-and-over group.

Since charge account credit is granted on much shorter terms than either retail instalment or cash loan credit, its long-range effect on economic stability is much less significant than that of the other two forms of consumer credit. It is of interest, therefore, to compute the net addition to the income of all non-relief families resulting solely from the use of instalment and cash loan credit. Such a calculation indicates

that these two forms of credit added about 1.6 percent to the purchasing power of all non-relief families, and that this supplement to income varied from slightly over 8 percent for the lowest income group, to 4 percent for the \$500-750 level, declining steadily thereafter until it fell below 1 percent for families in the income levels above \$3000.

When the net increase in debt is added to the aggregate income of all non-relief families, and the distribution of this sum is then compared with the distribution of income for these families, we may observe the degree to which consumer credit effected a redistribution of purchasing power. Such a comparison shows that except for the highest income class,⁷ no income group gained or lost more than .1 percent of aggregate purchasing power (aggregate income plus net increase in debt). If several income groups are combined, it is found that those below \$2000 obtained .6 percent more of aggregate purchasing power than of income alone, while those above \$3000 obtained .6 percent less. From this point of view, therefore, it is clear that consumer credit caused the distribution of purchasing power to differ from the distribution of income alone only to a negligible degree during the period covered by this study.

In the two preceding paragraphs we have considered the effect of consumer credit upon the several income groups in the entire non-relief population, first in terms of the percentage added to the receipts of each income class by its share of the net increase in debt and second in terms of the redistribution of aggregate purchasing power. To complete the composite picture we may now assess the significance of consumer credit for those families which actually made use of it.⁸ From this aspect, the three forms of credit appear to have

⁷ Families with incomes of \$5000 or more had .4 percent less of aggregate purchasing power than of aggregate income.

⁸ Basic to such an estimate, of course, is the assumption that the average of the minimum and maximum frequencies of consumer debt is a rough approximation of the frequency of such debt. See above, p. 105.

exerted a profound influence upon the economic lives of a large segment of the population. For non-relief families with a net change in consumer debt in 1935-36, comprising approximately one-third of all non-relief families, the addition attributable to the increase in debt came to more than 5 percent of aggregate income. Over one-quarter of the families with incomes below \$500 had a net change in consumer debt and this group added as much as 38 percent to its spending capacity through the medium of instalment, cash loan and charge account credit; those with incomes of \$500-750 added about 17 percent, and families in the \$750-1000 group almost 10 percent. Thus for the population at the lower end of the income scale the increase in purchasing power reached formidable proportions.

APPENDIX A

Tables on Retail Instalment Debt

For all tables in this section showing a breakdown by income level, each income level is inclusive of the lower limit and exclusive of the upper limit; for example, an income of exactly \$1000 is included in the \$1000-1250 income group.

All tables have been computed from data on retail instalment debt obtained from the Study of Consumer Purchases, unless otherwise noted.

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Tables on Retail Instalment Debt

TABLE A-1

Percent of Non-Relief Families Having a Net Change in Instalment Debt, and Percentage Distribution of These Families and of All Non-Relief Families, 1935-36, by Income Level

INCOME LEVEL	PERCENT OF NON-RELIEF FAMILIES HAVING A NET CHANGE	PERCENTAGE DISTRIBUTION	
		Non-Relief Families Having a Net Change	All Non-Relief Families *
Under \$500	11.9	5.3	10.6
500 — 750	16.8	8.1	11.3
750 — 1000	21.3	12.1	13.4
1000 — 1250	24.9	13.9	13.2
1250 — 1500	27.6	12.6	10.8
1500 — 1750	29.0	11.1	9.1
1750 — 2000	31.9	9.9	7.3
2000 — 2500	30.2	12.2	9.5
2500 — 3000	29.3	6.5	5.2
3000 — 4000	23.8	4.8	4.8
4000 — 5000	21.5	1.5	1.6
5000 and over	15.0	2.0	3.2
ALL LEVELS	23.6	100.0	100.0
Estimated number of families (in thousands)		5,877	24,913

* National Resources Committee, *Consumer Incomes in the United States* (1938) Table 8, p. 25.

TABLE A-2

Percentage Distribution of Gross Increase, Gross Decrease and Net Increase in Instalment Debt for Non-Relief Families, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Income Level

INCOME LEVEL	GROSS INCREASE ^a	GROSS DECREASE ^b	NET INCREASE ^c	AGGREGATE INCOME ^d
Under \$500	2.8	1.3	3.7	1.9
500 — 750	4.9	3.1	5.8	4.0
750 — 1000	8.0	6.1	9.0	6.6
1000 — 1250	11.5	9.0	12.7	8.3
1250 — 1500	11.1	10.4	11.5	8.3
1500 — 1750	11.2	11.2	11.2	8.2
1750 — 2000	12.0	11.4	12.3	7.5
2000 — 2500	15.6	16.0	15.5	11.8
2500 — 3000	9.0	10.9	8.0	8.0
3000 — 4000	6.9	9.8	5.5	9.0
4000 — 5000	2.5	3.8	1.7	4.0
5000 and over	4.5	7.0	3.1	22.4
ALL LEVELS	100.0	100.0	100.0	100.0
Estimated amount (in millions)	\$620.9	\$213.3	\$407.6	\$44,359.9

^a Gross increase equals the sum of the increases in instalment debt for families having a net increase in such debt.

^b Gross decrease equals the sum of the decreases in instalment debt for families having a net decrease in such debt.

^c Net increase equals gross increase minus gross decrease.

^d Based on unpublished data obtained from the National Resources Committee on the distribution of aggregate income for non-relief families, 1935-36.

TABLE A-3

Ratio of Gross Increase, Gross Decrease and Net Increase in Instalment Debt for Non-Relief Families to Aggregate Income of Such Families, 1935-36, by Income Level

INCOME LEVEL	GROSS INCREASE ^a	GROSS DECREASE ^b	NET INCREASE ^c
Under \$500	2.11	.33	1.78
500 — 750	1.72	.38	1.34
750 — 1000	1.70	.44	1.26
1000 — 1250	1.93	.52	1.41
1250 — 1500	1.88	.60	1.28
1500 — 1750	1.91	.66	1.25
1750 — 2000	2.23	.72	1.51
2000 — 2500	1.85	.65	1.20
2500 — 3000	1.58	.66	.92
3000 — 4000	1.08	.52	.56
4000 — 5000	.87	.46	.41
5000 and over	.28	.15	.13
ALL LEVELS	1.40	.48	.92

^a Gross increase equals the sum of the increases in instalment debt for families having a net increase in such debt.

^b Gross decrease equals the sum of the decreases in instalment debt for families having a net decrease in such debt.

^c Net increase equals gross increase minus gross decrease.

TABLE A-4

Ratio of Gross Increase, Gross Decrease and Net Increase in Instalment Debt to Aggregate Income of Non-Relief Families Having a Net Change in Such Debt, 1935-36, by Income Level

INCOME LEVEL	GROSS INCREASE ^a	GROSS DECREASE ^b	NET INCREASE ^c
Under \$500	17.72	2.77	14.95
500 — 750	10.32	2.28	8.04
750 — 1000	7.99	2.07	5.92
1000 — 1250	7.72	2.08	5.64
1250 — 1500	6.77	2.16	4.61
1500 — 1750	6.49	2.24	4.25
1750 — 2000	6.91	2.23	4.68
2000 — 2500	6.11	2.15	3.96
2500 — 3000	5.37	2.24	3.13
3000 — 4000	4.54	2.18	2.36
4000 — 5000	4.09	2.16	1.93
5000 and over	1.88	1.01	.87
ALL LEVELS	5.88	2.02	3.86

^a Gross increase equals the sum of the increases in instalment debt for families having a net increase in such debt.

^b Gross decrease equals the sum of the decreases in instalment debt for families having a net decrease in such debt.

^c Net increase equals gross increase minus gross decrease.

TABLE A-5

Percent of Non-Relief Families Increasing Instalment Debt, Percent Decreasing Such Debt and Percentage Distribution of Both Groups, 1935-36, by Income Level

INCOME LEVEL	PERCENT OF NON-RELIEF FAMILIES		PERCENTAGE DISTRIBUTION OF NON-RELIEF FAMILIES	
	Increasing Debt	Decreasing Debt	Increasing Debt	Decreasing Debt
Under \$500	9.2	2.7	5.9	4.0
500 — 750	12.4	4.4	8.5	7.1
750 — 1000	14.8	6.5	12.0	12.4
1000 — 1250	17.5	7.4	13.9	13.8
1250 — 1500	19.5	8.1	12.7	12.4
1500 — 1750	20.0	9.0	10.9	11.6
1750 — 2000	22.5	9.4	10.0	9.8
2000 — 2500	21.0	9.2	12.0	12.4
2500 — 3000	19.9	9.4	6.3	7.0
3000 — 4000	15.6	8.2	4.5	5.5
4000 — 5000	13.4	8.1	1.3	1.9
5000 and over	10.4	4.6	2.0	2.1
ALL LEVELS	16.6	7.0	100.0	100.0
Estimated number of families (in thousands)			4,124	1,753

TABLE A-6

Average Increase in Instalment Debt of Non-Relief Families Increasing Such Debt, Average Decrease in Instalment Debt of Non-Relief Families Decreasing Such Debt and Ratio of Average Increase and of Average Decrease to Average Income, 1935-36, by Income Level

INCOME LEVEL	AVERAGE INCREASE	RATIO OF AVERAGE INCREASE TO AVERAGE INCOME ^a	AVERAGE DECREASE	RATIO OF AVERAGE DECREASE TO AVERAGE INCOME ^a
Under \$500	\$ 72	23.1	\$ 38	12.2
500 — 750	87	13.9	54	8.6
750 — 1000	100	11.4	60	6.9
1000 — 1250	124	11.1	79	7.1
1250 — 1500	132	9.7	102	7.5
1500 — 1750	154	9.6	118	7.3
1750 — 2000	181	9.9	141	7.7
2000 — 2500	195	8.8	157	7.1
2500 — 3000	216	7.9	190	7.0
3000 — 4000	234	6.9	215	6.3
4000 — 5000	284	6.5	252	5.7
5000 and over	336	3.9	411	4.8
ALL LEVELS	\$151	9.3	\$122	7.5

^a The average income in each class was derived from unpublished data on consumer incomes, 1935-36, obtained from the National Resources Committee, as follows: the aggregate income received by non-relief families was divided by the total number of such families in each income class. The average income for the \$5000-and-over group represents the average for families with incomes between \$5000 and \$20,000.

TABLE A-7

Percent of Non-Relief Families Having a Net Change in Instalment Debt, and Percentage Distribution of These Families and of All Non-Relief Families, 1935-36, in Two Occupational Groups,^a by Income Level

INCOME LEVEL	PERCENT OF NON-RELIEF FAMILIES HAVING A NET CHANGE		<i>Percentage Distribution</i>			
	Wage-Earning Group	Other Non-Farm Groups	NON-RELIEF FAMILIES HAVING A NET CHANGE		ALL NON-RELIEF FAMILIES ^b	
			Wage-Earning Group	Other Non-Farm Groups	Wage-Earning Group	Other Non-Farm Groups
Under \$500	15.0	13.5	5.3	1.8	10.6	3.4
500 — 750	23.3	16.9	9.5	3.3	12.0	5.1
750 — 1000	28.7	21.0	15.9	6.4	16.3	8.0
1000 — 1250	31.3	25.7	17.4	10.0	16.4	10.2
1250 — 1500	32.9	29.7	14.2	11.3	12.8	9.9
1500 — 1750	34.8	30.2	11.6	11.8	9.9	10.2
1750 — 2000	39.0	32.0	9.8	11.7	7.5	9.6
2000 — 2500	33.8	31.4	9.2	17.7	8.0	14.7
2500 — 3000	33.0	30.1	4.4	10.1	3.9	8.7
3000 — 4000	31.5	23.7	2.7	8.2	2.6	9.0
4000 — 5000	•	22.4	•	3.0	d	3.5
5000 and over	•	16.2	•	4.7	d	7.7
ALL LEVELS	29.6	26.4	100.0	100.0	100.0	100.0
Estimated number of families (in thousands)			2,776	2,205		

^a The occupational status of the family is determined according to the major source of family earnings, i.e., if members of the family received earnings from two or more occupations, the family was classified according to the occupation from which the greater proportion of total family earnings was derived. The "other non-farm" category includes professional and business occupations, whether salaried or independent, and clerical occupations.

^b National Resources Committee, *Consumer Incomes in the United States* (1938) Table 10B, p. 97.

^c Data not available.

^d Wage-earning families in these income levels were excluded from calculations of the percentage distribution of all non-relief families.

TABLE A-8

Percentage Distribution of Gross Increase, Gross Decrease and Net Increase in Instalment Debt for Non-Relief Families, 1935-36, in Two Occupational Groups,^a by Income Level

INCOME LEVEL	GROSS INCREASE ^b		GROSS DECREASE ^c		NET INCREASE ^d	
	Wage-Earning Group	Other Non-Farm Groups	Wage-Earning Group	Other Non-Farm Groups	Wage-Earning Group	Other Non-Farm Groups
Under \$500	2.0	.8	1.2	.5	2.4	1.1
500 — 750	5.4	2.2	4.7	1.1	5.7	2.8
750 — 1000	11.6	3.9	9.8	2.7	12.4	4.5
1000 — 1250	14.1	7.8	13.5	4.7	14.5	9.5
1250 — 1500	13.6	9.3	14.2	6.6	13.3	10.9
1500 — 1750	11.0	11.0	12.7	9.3	10.1	12.0
1750 — 2000	14.8	12.2	14.0	10.5	15.2	13.2
2000 — 2500	15.4	19.0	13.8	19.4	16.3	18.8
2500 — 3000	7.4	11.7	9.0	14.7	6.6	10.0
3000 — 4000	4.7	9.6	7.1	12.4	3.5	7.9
4000 — 5000	•	4.3	•	6.4	•	3.1
5000 and over	•	8.2	•	11.7	•	6.2
ALL LEVELS	100.0	100.0	100.0	100.0	100.0	100.0
Estimated amount (in millions)	\$223.2	\$270.7	\$73.9	\$98.8	\$149.3	\$171.9

^a The occupational status of the family is determined according to the major source of family earnings, i.e., if members of the family received earnings from two or more occupations, the family was classified according to the occupation from which the greater proportion of total family earnings was derived. The "other non-farm" category includes professional and business occupations, whether salaried or independent, and clerical occupations.

^b Gross increase equals the sum of the increases in instalment debt for families having a net increase in such debt.

^c Gross decrease equals the sum of the decreases in instalment debt for families having a net decrease in such debt.

^d Net increase equals gross increase minus gross decrease.

• Data not available.

TABLE A-9

Percent of Non-Relief Families in Two Occupational Groups^a Having a Net Change in Instalment Debt, 1935-36, in Five Types of Community,^b by Income Level

INCOME LEVEL	METROPOLISES		LARGE CITIES		MIDDLE-SIZED CITIES		SMALL CITIES		VILLAGES	
	Wage-Earning Group	Other Non-Farm Groups	Wage-Earning Group	Other Non-Farm Groups	Wage-Earning Group	Other Non-Farm Groups	Wage-Earning Group	Other Non-Farm Groups	Wage-Earning Group	Other Non-Farm Groups
Under \$500	3.9	1.9	21.6	19.0	13.2	12.8	19.3	12.3	11.8	13.2
500 — 1000	15.7	4.6	33.3	24.3	25.2	19.6	29.8	19.7	22.7	20.4
1000 — 1500	24.3	12.8	35.3	32.8	33.8	29.2	37.6	32.4	26.3	25.6
1500 — 2000	26.4	18.3	43.3	36.1	37.9	32.9	38.1	36.7	34.7	28.8
2000 — 2500	24.8	18.6	43.2	37.3	33.7	33.7	33.2	34.4	29.0	30.5
2500 — 3000	29.6	19.1	43.2	37.5	24.7	32.4	29.5	33.0	28.4	25.8
3000 — 4000	27.8	19.5	44.4	28.4	22.8	25.9	24.0	20.6	29.6	20.9
4000 — 5000	•	16.2	•	25.6	•	24.9	•	20.1	•	23.6
5000 and over	•	12.0	•	18.3	•	14.1	•	16.2	•	17.8
ALL LEVELS	23.1	15.5	37.0	31.6	29.7	28.0	32.4	28.7	23.6	25.0

^a The occupational status of the family is determined according to the major source of family earnings, i.e., if members of the family received earnings from two or more occupations, the family was classified according to the occupation from which the greater proportion of total family earnings was derived. The "other non-farm" category includes professional and business occupations, whether salaried or independent, and clerical occupations.

^b Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

• Data not available.

TABLE A-10

Percent of Non-Relief Families Increasing Instalment Debt and Percent Decreasing Such Debt, 1935-36, in Two Occupational Groups,^a by Income Level

INCOME LEVEL	INCREASING DEBT		DECREASING DEBT	
	Wage-Earning Group	Other Non-Farm Groups	Wage-Earning Group	Other Non-Farm Groups
Under \$500	11.7	9.4	3.3	4.1
500 — 750	17.4	11.6	5.9	5.3
750 — 1000	20.1	14.5	8.6	6.5
1000 — 1250	22.1	17.9	9.2	7.8
1250 — 1500	23.3	21.5	9.6	8.2
1500 — 1750	24.5	20.6	10.3	9.6
1750 — 2000	27.6	22.7	11.4	9.3
2000 — 2500	24.1	21.5	9.7	9.9
2500 — 3000	23.5	19.6	9.5	10.5
3000 — 4000	20.9	15.5	10.6	8.2
4000 — 5000	b	14.1	b	8.3
5000 and over	b	11.1	b	5.1
ALL LEVELS	21.1	18.1	8.5	8.3

^a The occupational status of the family is determined according to the major source of family earnings, i.e., if members of the family received earnings from two or more occupations, the family was classified according to the occupation from which the greater proportion of total family earnings was derived. The "other non-farm" category includes professional and business occupations, whether salaried or independent, and clerical occupations.

^b Data not available.

TABLE A-11

Percentage Distribution of Non-Relief Families
Increasing Instalment Debt and of Non-Relief Families
Decreasing Such Debt, 1935-36, in Two Occupational
Groups,^a by Income Level

INCOME LEVEL	INCREASING DEBT		DECREASING DEBT	
	Wage- Earning Group	Other Non-Farm Groups	Wage- Earning Group	Other Non-Farm Groups
Under \$500	5.8	1.8	4.1	1.7
500 - 750	10.0	3.3	8.4	3.3
750 - 1000	15.6	6.4	16.5	6.3
1000 - 1250	17.2	10.2	17.8	9.7
1250 - 1500	14.1	11.9	14.4	9.9
1500 - 1750	11.5	11.8	12.0	12.0
1750 - 2000	9.7	12.1	10.0	10.8
2000 - 2500	9.2	17.7	9.2	17.8
2500 - 3000	4.4	9.6	4.4	11.2
3000 - 4000	2.5	7.8	3.2	9.0
4000 - 5000	b	2.7	b	3.5
5000 and over	b	4.7	b	4.8
ALL LEVELS	100.0	100.0	100.0	100.0
Estimated number of families (in thousands)	1,979	1,513	797	692

^a The occupational status of the family is determined according to the major source of family earnings, i.e., if members of the family received earnings from two or more occupations, the family was classified according to the occupation from which the greater proportion of total family earnings was derived. The "other non-farm" category includes professional and business occupations, whether salaried or independent, and clerical occupations.

^b Data not available.

TABLE A-12

Average Increase in Instalment Debt of Non-Relief Families Increasing Such Debt and Average Decrease in Instalment Debt of Non-Relief Families Decreasing Such Debt, 1935-36, in Two Occupational Groups,^a by Income Level

INCOME LEVEL	AVERAGE INCREASE		AVERAGE DECREASE	
	Wage-Earning Group	Other Non-Farm Groups	Wage-Earning Group	Other Non-Farm Groups
Under \$500	\$ 39	\$ 81	\$ 28	\$ 38
500 — 1000	75	111	54	57
1000 — 1500	100	139	80	82
1500 — 2000	133	174	113	130
2000 — 2500	190	193	139	156
2500 — 3000	190	219	189	187
3000 — 4000	212	220	208	197
4000 — 5000	b	283	b	260
5000 and over	b	310	b	351
ALL LEVELS	\$116	\$177	\$ 93	\$139

^a The occupational status of the family is determined according to the major source of family earnings, i.e., if members of the family received earnings from two or more occupations, the family was classified according to the occupation from which the greater proportion of total family earnings was derived. The "other non-farm" category includes professional and business occupations, whether salaried or independent, and clerical occupations.

^b Data not available.

TABLE A-13

Percent of Non-Relief Families Having a Net Change in Instalment Debt, 1935-36, in Four Sizes of Family, by Income Level*

INCOME LEVEL	SIZE OF FAMILY			
	2 Persons	3-4 Persons	5-6 Persons	7 Persons or More
Under \$500	6.7	11.0	6.7	2.2
500—1000	13.7	16.3	18.7	16.1
1000—1500	19.6	23.7	22.1	16.5
1500—2000	20.4	24.5	24.7	20.8
2000—2500	20.6	27.6	25.2	23.6
2500—3000	18.8	23.4	23.7	30.1
3000—4000	14.1	19.9	23.3	23.8
4000—5000	7.5	16.8	26.0	26.3
5000 and over	1.8	10.9	17.3	19.8
ALL LEVELS	16.1	21.5	22.0	19.5

* Based on data from the North Central region only.

RETAIL INSTALMENT DEBT

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TABLE A-14

Percentage Distribution of All Changes in Instalment Debt and of Increases and Decreases in Such Debt for Non-Relief Families, 1935-36, by Commodity *

COMMODITY	ALL INSTALMENT DEBT CHANGES	INCREASES IN DEBT	DECREASES IN DEBT
Automobiles	20.0	22.5	14.6
Furniture	31.4	27.0	41.2
Electric refrigerators	15.4	14.5	17.4
Radios	8.2	9.4	5.8
Other electric equipment	15.2	15.9	13.5
Miscellaneous	9.8	10.7	7.5
ALL COMMODITIES	100.0	100.0	100.0
Estimated number of debt changes (in thousands of units)	3,799	2,618	1,181

* Based on data from metropolises and large and middle-sized cities exclusively; the estimates of all debt changes do not cover changes for families living in small cities, villages and farms.

TABLE A-15

Percentage Distribution of Gross Increase, Gross Decrease and Net Increase in Instalment Debt for Non-Relief Families, 1935-36, by Commodity ^a

COMMODITY	GROSS INCREASE ^b	GROSS DECREASE ^c	NET INCREASE ^d
Automobiles	50.5	36.7	58.9
Furniture	17.8	37.1	6.2
Electric refrigerators	14.6	13.2	15.4
Radios	3.4	2.1	4.1
Other electric equipment	7.8	6.3	8.7
Miscellaneous	5.9	4.6	6.7
ALL COMMODITIES	100.0	100.0	100.0

^a Based on data from metropolises, large cities and middle-sized cities.

^b Gross increase equals the sum of the increases in instalment debt for each commodity for families having a net increase in such debt.

^c Gross decrease equals the sum of the decreases in instalment debt for each commodity for families decreasing such debt.

^d Net increase equals the gross increase for each commodity minus the gross decrease.

RETAIL INSTALMENT DEBT

TABLE A-16

Percent of Non-Relief Families Having a Net Change in Instalment Debt, 1935-36, for Six Types of Commodity, by Income Level *

INCOME LEVEL	AUTO-MOBILES	FURNITURE	ELECTRIC REFRIGERATORS	RADIOS	OTHER ELECTRIC EQUIPMENT	MISCELLANEOUS
Under \$500	.3	11.1	.6	2.2	2.0	2.3
500 — 750	1.3	13.1	1.0	5.4	2.7	4.6
750 — 1000	3.4	15.6	4.0	3.7	5.1	3.9
1000 — 1250	4.8	13.7	6.1	4.6	6.8	4.8
1250 — 1500	6.1	13.5	6.3	3.3	7.2	4.1
1500 — 1750	7.8	13.1	8.9	3.5	6.4	2.9
1750 — 2000	10.1	11.9	9.6	3.6	7.6	4.7
2000 — 2500	12.5	10.9	8.6	2.5	6.5	3.6
2500 — 3000	14.5	11.2	7.1	1.6	8.2	2.9
3000 — 4000	12.6	8.0	5.7	1.4	4.9	3.1
4000 — 5000	11.4	6.0	4.6	.9	4.2	3.3
5000 and over	9.2	2.3	.9	.3	1.9	1.6
ALL LEVELS	7.5	11.8	5.9	3.1	5.8	3.7

* Based on data from metropolises, large cities and middle-sized cities.

TABLE A-17

Percentage Distribution of Non-Relief Families Having a Net Change in Instalment Debt for Six Types of Commodity, and of All Non-Relief Families, 1935-36, Cumulated by Income Level*

INCOME LEVEL	AUTOMOBILES	FURNITURE	ELECTRIC REFRIGERATORS	RADIOS	OTHER ELECTRIC EQUIPMENT	MISCELLANEOUS	ALL NON-RELIEF FAMILIES
Under \$500	.2	5.9	.5	4.3	2.2	3.9	6.2
500 — 750	1.5	14.1	1.8	17.2	5.7	13.2	13.6
750 — 1000	6.3	28.3	9.2	30.0	15.3	24.6	24.4
1000 — 1250	14.2	42.6	22.2	48.3	29.9	40.7	36.7
1250 — 1500	23.1	55.1	34.1	60.0	43.7	52.9	47.7
1500 — 1750	33.6	66.3	49.6	71.4	55.0	60.9	57.8
1750 — 2000	45.8	75.5	64.6	82.0	67.1	72.6	66.9
2000 — 2500	66.1	86.9	82.5	92.1	80.9	84.7	79.1
2500 — 3000	79.6	93.6	91.1	95.7	91.0	90.3	86.1
3000 — 4000	90.6	97.9	97.5	98.8	96.7	95.8	92.7
4000 — 5000	94.1	99.1	99.3	99.5	98.4	97.9	95.1
5000 and over	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Based on data from metropolises, large cities and middle-sized cities.

TABLE A-18

Percentage Distribution of the Net Increase in Instalment Debt for Non-Relief Families, 1935-36, for Six Types of Commodity, by Income Level ^a

INCOME LEVEL	AUTO- MOBILES	FURNI- TURE	ELECTRIC REFRIGER- ATORS	RADIOS	OTHER ELECTRIC EQUIPMENT	MISCEL- LANEOUS
Under \$500	.1	7.1	.5	5.1	.1	2.0
500-1000	2.5	16.4	11.1	22.4	15.1	14.5
1000-1500	13.4	39.5	29.2	33.2	26.2	20.9
1500-2000	26.9	38.0	30.5	17.5	24.7	18.9
2000-2500	20.7	6.5	18.1	9.6	17.5	18.5
2500-3000	12.7	1.2	5.5	6.0	8.0	8.8
3000-4000	9.9	1.2	4.6	5.4	7.1	11.2
4000-5000	3.6	^b	^c	.2	1.0	4.7
5000 and over	10.2	^b	.8	.6	.3	.5
ALL LEVELS	100.0	100.0 ^b	100.0 ^c	100.0	100.0	100.0

^a Based on data from metropolises, large cities and middle-sized cities. Net increase in debt equals gross increase minus gross decrease.

^b The total is actually 109.9 percent because there was a net decrease in debt in the income level \$4000-5000 of 3.8 percent and in the level of \$5000 and over of 6.1 percent.

^c The total is actually 100.3 percent because of the net decrease in debt of .3 percent in the income level \$4000-5000.

TABLE A-19

Percent of Non-Relief Families Increasing Instalment Debt and Percent Decreasing Such Debt, 1935-36, for Six Types of Commodity, by Income Level^a

INCOME LEVEL	AUTOMOBILES		FURNITURE		ELECTRIC REFRIGERATORS		RADIOS		OTHER ELECTRIC EQUIPMENT		MISCELLANEOUS	
	Families		Families		Families		Families		Families		Families	
	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt
Under \$500	.3	.0	7.5	3.6	.4	.2	2.0	.2	1.3	.7	2.1	.2
500 — 1000	2.1	.5	8.1	6.4	2.0	.8	3.7	.8	3.3	.8	3.6	.6
1000 — 1500	4.3	1.1	8.1	5.5	4.4	1.8	3.1	.9	5.2	1.9	3.2	1.3
1500 — 2000	7.3	1.6	7.9	4.6	6.0	3.3	2.5	1.0	5.1	1.9	2.9	.8
2000 — 2500	9.8	2.7	6.3	4.6	5.5	3.1	1.8	.7	4.7	1.8	2.6	1.0
2500 — 3000	10.5	4.0	6.7	4.5	3.9	3.2	1.3	.3	5.3	2.9	2.0	.9
3000 — 4000	8.7	3.9	4.3	3.7	3.3	2.4	1.3	.1	3.4	1.5	1.8	1.3
4000 — 5000	8.2	3.2	2.8	3.2	1.5	3.1	.7	.2	2.3	1.9	2.7	.6
5000 and over	7.2	2.0	1.3	1.0	.5	.4	.3	.0	1.2	.7	.9	.7
ALL LEVELS	5.8	1.7	7.0	4.8	3.8	2.1	2.4	.7	4.2	1.6	2.8	.9

^a Based on data from metropolises, large cities and middle-sized cities.

TABLE A-20

Percentage Distribution of Non-Relief Families Increasing Instalment Debt and of Non-Relief Families Decreasing Such Debt, 1935-36, for Six Types of Commodity, by Income Level^a

INCOME LEVEL	AUTOMOBILES		FURNITURE		ELECTRIC REFRIGERATORS		RADIOS		OTHER ELECTRIC EQUIPMENT		MISCELLANEOUS	
	Families		Families		Families		Families		Families		Families	
	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt
Under \$500	.3	.0	6.7	4.7	.5	.5	5.1	1.9	1.9	2.8	4.7	1.5
500 - 1000	6.2	6.0	21.1	24.5	9.5	7.2	27.3	20.0	14.6	9.0	23.6	11.5
1000 - 1500	17.3	14.8	26.9	26.7	27.2	20.6	29.7	31.1	29.0	27.1	26.9	33.2
1500 - 2000	23.9	18.4	21.7	18.4	30.5	30.6	20.0	29.0	23.7	22.8	20.1	18.1
2000 - 2500	20.5	19.5	11.1	11.7	17.8	18.2	9.3	12.9	13.7	14.3	11.6	13.5
2500 - 3000	12.7	16.5	6.7	6.6	7.3	11.0	3.7	3.1	9.0	12.8	5.1	7.2
3000 - 4000	9.9	14.8	4.0	4.9	5.7	7.5	3.6	1.3	5.4	6.3	4.2	9.6
4000 - 5000	3.2	4.3	.9	1.5	.9	3.5	.7	.7	1.3	2.8	2.2	1.6
5000 and over	6.0	5.7	.9	1.0	.6	.9	.6	.0	1.4	2.1	1.6	3.8
ALL LEVELS	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^a Based on data from metropolises, large cities and middle-sized cities.

TABLE A-21

Percentage Distribution of Gross Increase and Gross Decrease in Instalment Debt for Non-Relief Families, 1935-36, for Six Types of Commodity, by Income Level^a

INCOME LEVEL	AUTOMOBILES		FURNITURE		ELECTRIC REFRIGERATORS		RADIOS		OTHER ELECTRIC EQUIPMENT		MISCELLANEOUS	
	Gross In-crease	Gross De-crease	Gross In-crease	Gross De-crease	Gross In-crease	Gross De-crease	Gross In-crease	Gross De-crease	Gross In-crease	Gross De-crease	Gross In-crease	Gross De-crease
Under \$500	b	.0	3.9	3.0	.4	.2	4.1	.5	.5	1.5	1.5	.1
500 — 1000	2.7	3.1	16.4	16.4	9.0	4.7	20.0	11.9	12.6	6.7	11.3	3.4
1000 — 1500	11.8	7.7	25.4	21.6	25.5	18.6	31.8	27.3	25.2	22.8	22.7	27.4
1500 — 2000	23.8	15.4	23.3	19.2	30.4	30.5	21.5	35.1	24.7	24.9	19.4	20.5
2000 — 2500	21.0	21.9	13.1	15.0	18.7	20.0	11.9	19.7	17.1	16.1	18.0	16.9
2500 — 3000	14.1	18.1	9.4	11.7	7.6	11.6	5.4	3.4	10.1	15.0	8.2	6.7
3000 — 4000	12.2	18.0	6.1	7.3	6.2	9.2	4.4	.8	6.9	6.4	11.5	12.4
4000 — 5000	4.8	7.9	1.0	2.3	1.3	4.3	.5	1.3	1.6	3.0	4.2	2.8
5000 and over	9.6	7.9	1.4	3.5	.9	.9	.4	.0	1.3	3.6	3.2	9.8
ALL LEVELS	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^a Based on data from metropolises, large cities and middle-sized cities. Gross increase equals the sum of the increases in instalment debt for families having a net increase in such debt. Gross decrease equals the sum of the decreases in instalment debt for families having a net decrease in such debt.

^b Less than .05 percent.

TABLE A-22

Average Increase in Instalment Debt of Non-Relief Families Increasing Such Debt and Average Decrease in Instalment Debt of Non-Relief Families Decreasing Such Debt, 1935-36, for Six Types of Commodity, by Income Level ^a

INCOME LEVEL	AUTOMOBILES		FURNITURE		ELECTRIC REFRIGERATORS		RADIOS		OTHER ELECTRIC EQUIPMENT		MISCELLANEOUS	
	Average In-crease	Average De-crease	Average In-crease	Average De-crease	Average In-crease	Average De-crease	Average In-crease	Average De-crease	Average In-crease	Average De-crease	Average In-crease	Average De-crease
Under \$500	\$ 33	..	\$ 44	\$ 56	\$ 87	\$37	\$33	\$10	\$16	\$23	\$ 20	\$ 3
500 - 1000	111	\$129	59	58	109	47	30	21	48	33	43	17
1000 - 1500	177	125	72	70	109	65	44	30	49	37	54	48
1500 - 2000	257	202	81	90	115	72	44	42	59	48	61	65
2000 - 2500	265	271	91	111	122	79	53	53	70	50	98	73
2500 - 3000	288	263	106	153	120	76	59	38	63	52	103	55
3000 - 4000	320	294	115	128	126	89	50	21	72	45	171	75
4000 - 5000	382	439	82	131	158	89	29	64	71	48	118	106
5000 and over	416	335	118	298	156	72	30	..	53	75	129	149
ALL LEVELS	\$259	\$242	\$ 76	\$ 86	\$115	\$73	\$41	\$35	\$56	\$44	\$ 66	\$ 58

^a Based on data from metropolises, large cities and middle-sized cities.

TABLE A-23

Percent of Non-Relief Families Having a Net Change in Instalment Debt, 1935-36, in Six Types of Community,* by Income Level

INCOME LEVEL	METROPOLISES	LARGE CITIES	MIDDLE-SIZED CITIES	SMALL CITIES	VILLAGES	ALL NON-FARM COMMUNITIES	FARMS	ALL COMMUNITIES
Under \$500	3.1	20.5	12.9	17.5	11.8	14.3	8.2	11.9
500-1000	11.7	30.2	23.6	26.9	22.0	24.3	9.9	19.2
1000-1500	20.2	34.3	32.2	35.8	26.1	30.3	12.3	26.1
1500-2000	22.6	39.5	37.1	37.4	31.0	33.8	13.9	30.2
2000-2500	21.2	39.5	33.7	33.9	30.1	32.3	17.0	30.2
2500-3000	23.5	39.4	30.1	31.6	26.2	31.1	17.9	29.3
3000-4000	22.0	32.0	25.4	21.6	21.6	25.4	13.4	23.8
4000-5000	16.2	25.6	24.9	20.1	23.6	22.3	15.1	21.5
5000 and over	13.3	14.0	14.1	16.2	17.9	14.7	17.3	15.0
ALL LEVELS	18.6	33.6	28.3	30.5	24.0	27.5	11.5	23.6

* Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

TABLE A-24

Percentage Distribution of Non-Relief Families Having a Net Change, Net Increase or Net Decrease in Instalment Debt, and of All Non-Relief Families, 1935-36, by Type of Community ^a

TYPE OF COMMUNITY	NON-RELIEF FAMILIES HAVING			ALL NON-RELIEF FAMILIES ^b
	Net Change	Net Increase	Net Decrease	
Metropolises	8.9	8.8	9.1	11.3
Large cities	26.7	26.5	26.9	18.7
Middle-sized cities	12.5	12.4	12.9	10.4
Small cities	21.1	21.2	21.0	16.4
Villages	18.7	19.0	18.1	18.4
Farms	12.1	12.1	12.0	24.8
ALL COMMUNITIES	100.0	100.0	100.0	100.0

^a Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

^b National Resources Committee, *Consumer Incomes in the United States* (1938) Table 25B, p. 101.

TABLE A-25

Percentage Distribution of Gross Increase, Gross Decrease and Net Increase in Instalment Debt for Non-Relief Families, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Type of Community ^a

TYPE OF COMMUNITY	GROSS INCREASE ^b	GROSS DECREASE ^c	NET INCREASE ^d	AGGREGATE INCOME ^e
Metropolises	8.6	9.8	7.9	17.1
Large cities	26.7	24.0	28.1	22.9
Middle-sized cities	11.0	11.2	10.9	10.7
Small cities	19.6	19.2	19.8	15.2
Villages	17.5	19.3	16.6	16.6
Farms	16.6	16.5	16.7	17.5
ALL COMMUNITIES	100.0	100.0	100.0	100.0

^a Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

^b Gross increase equals the sum of the increases in instalment debt for families having a net increase in such debt.

^c Gross decrease equals the sum of the decreases in instalment debt for families having a net decrease in such debt.

^d Net increase equals gross increase minus gross decrease.

^e National Resources Committee, *Consumer Incomes in the United States* (1938) Table 7, p. 23.

TABLE A-26

Percent of Non-Relief Families Having a Net Change,
Net Increase or Net Decrease in Instalment Debt,
1935-36, by Type of Community *

TYPE OF COMMUNITY	NET CHANGE	NET INCREASE	NET DECREASE
Metropolises	18.6	12.9	5.7
Large cities	33.6	23.5	10.1
Middle-sized cities	28.3	19.6	8.7
Small cities	30.5	21.5	9.0
Villages	24.0	17.1	6.9
Farms	11.5	8.1	3.4
ALL COMMUNITIES	23.6	16.6	7.0

* Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

TABLE A-27

Average Increase in Instalment Debt of Non-Relief Families Increasing Such Debt, 1935-36, in Six Types of Community,* by Income Level

INCOME LEVEL	METROPOLISES	LARGE CITIES	MIDDLE-SIZED CITIES	SMALL CITIES	VILLAGES	ALL NON-FARM COMMUNITIES	FARMS	ALL COMMUNITIES
Under \$500	\$106	\$ 49	\$ 27	\$ 32	\$ 66	\$ 47	\$131	\$ 72
500—1000	118	77	64	91	85	83	150	95
1000—1500	82	116	99	119	127	114	246	128
1500—2000	106	164	163	178	178	163	214	167
2000—2500	131	199	198	200	208	192	232	195
2500—3000	225	187	266	219	184	208	292	216
3000—4000	223	233	193	208	197	217	436	234
4000—5000	207	282	322	276	316	282	301	284
5000 and over	398	354	319	269	209	324	476	336
ALL LEVELS	\$147	\$152	\$134	\$139	\$139	\$143	\$207	\$151

* Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

TABLE A-28

Average Decrease in Instalment Debt of Non-Relief Families Decreasing Such Debt, 1935-36, in Six Types of Community,* by Income Level

INCOME LEVEL	METROPOLISES	LARGE CITIES	MIDDLE-SIZED CITIES	SMALL CITIES	VILLAGES	ALL NON-FARM COMMUNITIES	FARMS	ALL COMMUNITIES
Under \$500	\$ 92	\$ 38	\$ 24	\$ 17	\$ 30	\$ 31	\$ 59	\$ 38
500 — 1000	90	50	48	53	55	55	71	57
1000 — 1500	61	81	68	82	98	81	157	90
1500 — 2000	88	101	117	123	156	118	228	128
2000 — 2500	122	143	146	151	180	150	238	157
2500 — 3000	191	169	157	217	231	188	224	190
3000 — 4000	180	185	188	228	240	201	388	215
4000 — 5000	300	186	300	294	302	262	159	252
5000 and over	580	322	313	389	288	376	532	411
ALL LEVELS	\$130	\$109	\$105	\$112	\$130	\$115	\$168	\$123

* Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

TABLE A-29

Percent of Non-Relief Families Having a Net Change in Instalment Debt, 1935-36, for Six Types of Commodity, by Type of Community^a in the North Central Region

TYPE OF COMMUNITY	AUTO-MOBILES	FURNITURE	ELECTRIC REFRIGERATORS	RADIOS	OTHER ELECTRIC EQUIPMENT	MISCELLANEOUS
Metropolises	3.8	7.6	3.0	1.8	3.0	3.8
Large cities	8.4	12.8	5.6	2.9	6.4	3.8
Middle-sized cities	6.5	7.4	5.0	1.7	5.1	2.9
Small cities	8.1	9.5	5.9	2.6	6.6	3.1
Villages	6.8	3.0	2.2	1.2	3.7	4.7
Farms	5.7	.6	.1	.9	.2	3.4

^a Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

TABLE A-30

Percentage Distribution of Non-Relief Families Having a Net Change in Instalment Debt for Six Types of Commodity, and of All Non-Relief Families, 1935-36, by Type of Community^a in the North Central Region

NON-RELIEF FAMILIES HAVING A NET CHANGE IN DEBT FOR							
TYPE OF COMMUNITY	Automobiles	Furniture	Electric Refrigerators	Radios	Other Electric Equipment	Miscellaneous	ALL NON-RELIEF FAMILIES ^b
Metropolises	13.6	25.2	19.4	22.0	16.9	23.7	22.8
Large cities	22.1	31.4	26.7	26.2	26.7	17.5	16.8
Middle-sized cities	11.5	12.2	16.0	10.3	14.3	9.0	11.3
Small cities	21.1	23.0	27.9	23.3	27.2	14.1	16.6
Villages	16.3	6.7	9.5	9.8	14.0	19.6	15.3
Farms	15.4	1.5	.5	8.4	.9	16.1	17.2
ALL COMMUNITIES	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^a Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

^b National Resources Committee, *Consumer Incomes in the United States* (1938) Table 25B, p. 101.

TABLE A-31

Percent of Non-Relief Families Having a Net Change in Instalment Debt, 1935-36, in Five Regions,^a by Income Level

INCOME LEVEL	NEW ENGLAND	NORTH CENTRAL	SOUTH	MOUNTAIN AND PLAIN	PACIFIC	ALL REGIONS
Under \$500	10.7	7.6	13.3	13.0	13.0	11.9
500 — 1000	24.7	16.5	20.6	18.4	25.2	19.2
1000 — 1500	27.5	22.3	32.1	26.2	33.6	26.1
1500 — 2000	27.1	25.4	37.6	34.8	42.1	30.2
2000 — 2500	24.3	22.5	41.0	32.7	40.3	30.2
2500 — 3000	22.7	24.4	38.8	33.0	37.4	29.3
3000 — 4000	15.7	20.6	29.0	29.5	29.7	23.8
4000 — 5000	12.8	18.7	28.8	23.6	23.7	21.5
5000 and over	14.8	11.6	22.4	13.5	16.2	15.0
ALL LEVELS	24.3	20.3	25.9	24.6	32.6	23.6

^a New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

North Central: Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, New Jersey, New York, Ohio, Pennsylvania, Wisconsin.

South: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.

Mountain and Plain: Arizona, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Utah, Wyoming.

Pacific: California, Oregon, Washington.

TABLE A-32

Percentage Distribution of Non-Relief Families Having a Net Change, Net Increase or Net Decrease in Instalment Debt, and of All Non-Relief Families, 1935-36, by Region ^a

REGION	NON-RELIEF FAMILIES HAVING			ALL NON-RELIEF FAMILIES ^b
	Net Change	Net Increase	Net Decrease	
New England	6.7	6.8	6.7	6.5
North Central	42.9	43.6	41.1	49.5
South	33.7	32.7	36.3	30.5
Mountain and Plain	6.4	6.3	6.4	6.1
Pacific	10.3	10.6	9.5	7.4
ALL REGIONS	100.0	100.0	100.0	100.0

^a For basis of regional classification, see Table A-31.

^b National Resources Committee; *Consumer Incomes in the United States* (1938) Table 25B, p. 101.

TABLE A-33

Percentage Distribution of Gross Increase, Gross Decrease and Net Increase in Instalment Debt for Non-Relief Families, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Region ^a

REGION	GROSS INCREASE ^b	GROSS DECREASE ^c	NET INCREASE ^d	AGGREGATE INCOME ^e
New England	5.9	5.4	6.2	7.3
North Central	45.5	42.1	47.3	54.9
South	28.8	34.9	25.5	24.6
Mountain and Plain	7.3	7.6	7.2	5.2
Pacific	12.5	10.0	13.8	8.0
ALL REGIONS	100.0	100.0	100.0	100.0

^a For basis of regional classification, see Table A-31.

^b Gross increase equals the sum of the increases in instalment debt for families having a net increase in such debt.

^c Gross decrease equals the sum of the decreases in instalment debt for families having a net decrease in such debt.

^d Net increase equals gross increase minus gross decrease.

^e Computed from National Resources Committee, *Consumer Incomes in the United States* (1938) Tables 6 and 24B.

RETAIL INSTALMENT DEBT

TABLE A-34

Percent of Non-Relief Families Having a Net Change in Instalment Debt, 1935-36, in Large Cities ^a of Five Regions,^b by Income Level

INCOME LEVEL	NEW ENGLAND	NORTH CENTRAL	SOUTH	MOUNTAIN AND PLAIN	PACIFIC
Under \$500	19.2	14.1	24.0	15.0	20.3
500 - 1000	26.7	26.8	38.6	26.7	25.1
1000 - 1500	18.8	30.2	53.3	41.7	34.5
1500 - 2000	24.1	33.1	56.5	47.8	44.7
2000 - 2500	20.8	35.4	50.5	40.8	43.8
2500 - 3000	22.3	34.9	52.9	45.9	39.7
3000 - 4000	16.6	32.5	35.3	38.8	28.5
4000 - 5000	9.8	24.8	30.2	28.9	22.6
5000 and over	15.1	12.6	29.0	16.1	19.6
ALL LEVELS	21.4	29.8	44.1	37.5	34.7

^a 100,000 to 1,500,000 population.

^b For basis of regional classification, see Table A-31.

TABLE A-35

Percent of Non-Relief Families Having a Net Change in Instalment Debt, 1935-36, in Middle-Sized Cities^a of Five Regions,^b by Income Level

INCOME LEVEL	NEW ENGLAND	NORTH CENTRAL	SOUTH	MOUNTAIN AND FLAIN	PACIFIC
Under \$500	2.6	7.6	17.6	9.8	13.8
500 — 1000	30.1	17.4	29.7	25.2	38.2
1000 — 1500	38.8	25.1	45.1	47.8	40.9
1500 — 2000	33.0	29.3	44.5	48.9	56.0
2000 — 2500	34.1	25.1	48.3	49.9	46.2
2500 — 3000	27.5	19.3	43.2	55.8	53.5
3000 — 4000	21.3	15.1	38.2	37.8	37.2
4000 — 5000	25.8	8.0	42.9	41.1	28.1
5000 and over	26.6	7.0	18.3	20.7	9.9
ALL LEVELS	31.8	21.6	35.3	42.5	42.1

^a 25,000 to 100,000 population.

^b For basis of regional classification, see Table A-31.

RETAIL INSTALMENT DEBT

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TABLE A-36

Percent of Non-Relief Families Having a Net Change in Instalment Debt, 1935-36, in Small Cities^a of Five Regions,^b by Income Level

INCOME LEVEL	NEW ENGLAND	NORTH CENTRAL	SOUTH	MOUNTAIN AND PLAIN	PACIFIC
Under \$500	4.8	7.4	24.1	24.1	12.9
500 - 1000	27.9	17.4	40.9	33.8	31.8
1000 - 1500	30.7	29.2	52.7	36.8	40.2
1500 - 2000	28.9	33.2	45.8	43.7	46.7
2000 - 2500	26.5	26.2	44.6	39.5	50.0
2500 - 3000	21.0	27.5	35.8	47.0	36.3
3000 - 4000	14.2	16.0	22.5	36.4	39.5
4000 - 5000	12.4	28.9	21.6	35.5	43.2
5000 and over	12.4	7.1	18.2	32.8	26.8
ALL LEVELS	26.2	22.7	39.4	37.8	39.8

^a 2,500 to 25,000 population.

^b For basis of regional classification, see Table A-31.

TABLE A-37

Percent of Non-Relief Families Having a Net Change in Instalment Debt, 1935-36, in Villages^a of Five Regions,^b by Income Level

INCOME LEVEL	NEW ENGLAND	NORTH CENTRAL	SOUTH	MOUNTAIN AND PLAIN	PACIFIC
Under \$500	5.1	6.0	15.0	17.7	3.6
500—1000	10.8	18.4	27.8	21.1	24.8
1000—1500	26.9	20.2	33.7	25.6	34.9
1500—2000	27.0	22.5	38.0	34.6	40.5
2000—2500	18.4	20.3	40.6	32.9	30.1
2500—3000	21.5	14.4	37.3	20.3	31.7
3000—4000	9.6	13.1	26.9	21.6	23.2
4000—5000	7.7	14.3	32.5	8.3	23.3
5000 and over	7.7	9.5	22.6	.7	19.5
ALL LEVELS	20.2	18.1	29.3	25.1	30.6

^a Less than 2,500 population.

^b For basis of regional classification, see Table A-31.

RETAIL INSTALMENT DEBT

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TABLE A-38

Percent of Non-Relief Families Having a Net Change in Instalment Debt, 1935-36, on Farms in Five Regions,* by Income Level

INCOME LEVEL	NEW ENGLAND	NORTH CENTRAL	SOUTH	MOUNTAIN AND PLAIN	PACIFIC
Under \$500	7.7	9.3	7.4	11.2	6.5
500 — 1000	18.6	10.9	8.9	9.5	11.7
1000 — 1500	18.2	11.9	13.1	9.2	11.5
1500 — 2000	17.5	13.1	15.5	9.8	13.9
2000 — 2500	14.7	16.1	21.3	8.1	16.9
2500 — 3000	18.2	16.2	21.8	5.6	22.9
3000 — 4000	15.0	7.1	20.5	16.7	16.1
4000 — 5000	12.5	14.9	18.8	6.2	3.3
5000 and over	10.4	22.1	21.4	5.5	4.2
ALL LEVELS	17.0	12.2	10.9	9.9	12.1

* For basis of regional classification, see Table A-31.

TABLE A-39

Percent of Non-Relief Families Having a Net Change,
Net Increase or Net Decrease in Instalment Debt,
1935-36, by Region *

REGION	NET CHANGE	NET INCREASE	NET DECREASE
New England	24.3	17.2	7.1
North Central	20.3	14.5	5.8
South	25.9	17.6	8.3
Mountain and Plain	24.6	17.2	7.4
Pacific	32.6	23.6	9.0
ALL REGIONS	23.6	16.6	7.0

* For basis of regional classification, see Table A-31.

RETAIL INSTALMENT DEBT

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TABLE A-40

Percent of Non-Relief Families Having a Net Change in Instalment Debt for Six Types of Commodity, 1935-36,^a by Region^b

REGION	AUTO-MOBILES	FURNITURE	ELECTRIC REFRIGERATORS	RADIOS	OTHER ELECTRIC EQUIPMENT	MISCELLANEOUS
New England	6.0	12.9	3.1	2.6	3.9	4.2
North Central	5.9	9.2	4.3	2.2	4.5	3.6
South	11.0	19.9	11.9	5.7	7.4	3.6
Mountain and Plain	15.2	14.6	5.6	3.5	9.6	5.8
Pacific	11.0	12.5	7.8	4.9	11.2	3.4
ALL REGIONS	7.5	11.8	5.9	3.1	5.8	3.7

^a Based on data from metropolises, large cities and middle-sized cities.

^b For basis of regional classification, see Table A-31.

TABLE A-41

Percentage Distribution of Non-Relief Families Having a Net Change in Instalment Debt for Six Types of Commodity, and of All Non-Relief Families, 1935-36,^a by Region^b

REGION	NON-RELIEF FAMILIES HAVING A NET CHANGE IN DEBT FOR						ALL NON-RELIEF FAMILIES ^c
	Automobiles	Furniture	Electric Refrigerators	Radios	Other Electric Equipment	Miscellaneous	
New England	6.8	9.2	4.4	7.0	5.6	9.5	8.4
North Central	48.8	48.8	45.8	43.4	49.5	60.9	62.2
South	24.9	28.6	34.5	31.4	21.8	16.4	17.1
Mountain and Plain	5.6	3.4	2.7	3.1	4.6	4.3	2.8
Pacific	13.9	10.0	12.6	15.1	18.5	8.9	9.5
ALL REGIONS	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^a Based on data from metropolises, large cities and middle-sized cities.

^b For basis of regional classification, see Table A-31.

^c National Resources Committee, *Consumer Incomes in the United States* (1938) Table 24B, p. 101.

RETAIL INSTALMENT DEBT

TABLE A-42

Percentage Distribution of the Net Increase in Instalment Debt for Non-Relief Families, 1935-36,^a for Six Types of Commodity, by Region ^b

REGION	AUTO- MOBILES	FURNI- TURE	ELECTRIC, REFRIGER- ATORS	RADIOS	OTHER ELECTRIC EQUIPMENT	MISCEL- LANEOUS
New England	5.9	7.6	5.3	6.4	5.8	9.0
North Central	54.5	25.3	55.0	53.2	45.9	68.5
South	18.7	53.4	23.6	25.4	21.5	12.1
Mountain and Plain	4.2	8.2	2.1	2.5	2.3	3.5
Pacific	16.7	5.5	14.0	12.5	24.5	6.9
ALL REGIONS	100.0	100.0	100.0	100.0	100.0	100.0

^a Based on data from metropolises, large cities and middle-sized cities.

^b For basis of regional classification, see Table A-31.

TABLE A-43

Percentage Distribution of Non-Relief Families Increasing Instalment Debt and of Non-Relief Families Decreasing Such Debt, 1935-36,^a for Six Types of Commodity, by Region^b

REGION	AUTOMOBILES		FURNITURE		ELECTRIC REFRIGERATORS		RADIOS		OTHER ELECTRIC EQUIPMENT		MISCELLANEOUS	
	Families		Families		Families		Families		Families		Families	
	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt	In-creasing Debt	De-creasing Debt
New England	6.5	7.4	8.5	10.3	4.4	4.5	6.9	7.2	5.9	5.3	10.4	6.7
North Central	50.3	43.9	48.1	49.1	49.2	39.1	43.6	44.7	51.1	43.3	61.7	56.9
South	23.8	29.1	30.8	25.9	29.7	43.8	32.4	27.0	20.6	25.9	17.5	13.6
Mountain and Plain	5.2	6.7	3.5	3.3	2.7	2.5	2.6	4.7	4.3	5.6	3.7	7.6
Pacific	14.2	12.9	9.1	11.4	14.0	10.1	14.5	16.4	18.1	19.9	6.7	15.2
ALL REGIONS	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^a Based on data from metropolises, large cities and middle-sized cities.

^b For regional classification, see Table A-31.

TABLE A-44

Percentage Distribution of Gross Increase and Gross Decrease in Instalment Debt for Non-Relief Families, 1935-36,^a for Six Types of Commodity, by Region^b

REGION	AUTOMOBILES		FURNITURE		ELECTRIC REFRIGERATORS		RADIOS		OTHER ELECTRIC EQUIPMENT		MISCELLANEOUS	
	Gross In-crease	Gross De-crease	Gross In-crease	Gross De-crease	Gross In-crease	Gross De-crease	Gross In-crease	Gross De-crease	Gross In-crease	Gross De-crease	Gross In-crease	Gross De-crease
New England	5.9	5.9	7.8	7.8	5.2	5.0	6.0	4.8	5.9	6.1	8.0	5.2
North Central	51.7	44.3	50.4	57.2	51.1	43.6	50.7	42.7	45.5	45.1	65.9	59.2
South	21.8	30.0	27.7	20.7	29.0	39.5	27.6	34.5	20.9	19.3	13.2	15.8
Mountain and Plain	5.2	7.7	4.4	3.4	2.3	2.5	3.0	4.7	3.8	7.1	4.5	7.2
Pacific	15.4	12.1	9.7	10.9	12.4	9.4	12.7	13.3	23.9	22.4	8.4	12.6
ALL REGIONS	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

^a Based on data from metropolises, large cities and middle-sized cities. Gross increase is the sum of the increases in instalment debt for families having a net increase in such debt. Gross decrease is the sum of the decreases in instalment debt for families having a net decrease in such debt.

^b For basis of regional classification, see Table A-31.

A P P E N D I X B

Tables on Cash Loan Debt

For all tables in this section showing a breakdown by income level, each income level is inclusive of the lower limit and exclusive of the upper limit; for example, an income of exactly \$1000 is included in the \$1000-1250 income group.

All tables, unless otherwise noted, have been computed from data on cash loan debt to banks, insurance companies and small loan companies, obtained from the Study of Consumer Purchases.

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Tables on Cash Loan Debt

TABLE B-1

Percent of Non-Relief Families Having a Net Change in Cash Loan Debt, and Percentage Distribution of These Families and of All Non-Relief Families, 1935-36, by Income Level

INCOME LEVEL	PERCENT OF NON-RELIEF FAMILIES HAVING A NET CHANGE	PERCENTAGE DISTRIBUTION	
		Non-Relief Families Having a Net Change	All Non- Relief Families *
Under \$500	8.0	9.2	10.6
500 — 750	8.0	9.6	11.3
750 — 1000	9.0	12.8	13.4
1000 — 1250	8.6	12.1	13.2
1250 — 1500	10.0	11.5	10.8
1500 — 1750	10.8	10.4	9.1
1750 — 2000	9.9	7.7	7.3
2000 — 2500	10.6	10.7	9.5
2500 — 3000	11.6	6.5	5.2
3000 — 4000	9.5	4.8	4.8
4000 — 5000	10.8	1.9	1.6
5000 and over	8.4	2.8	3.2
ALL LEVELS	9.4	100.0	100.0
Estimated number of families (in thousands)		2,340	24,913

* National Resources Committee, *Consumer Incomes in the United States* (1938) Table 8, p. 25.

TABLE B-2

Percentage Distribution of Gross Increase, Gross Decrease and Net Increase in Cash Loan Debt for Non-Relief Families, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Income Level

INCOME LEVEL	GROSS INCREASE ^a	GROSS DECREASE ^b	NET INCREASE ^c	AGGREGATE INCOME ^d
Under \$500	12.1	1.1	19.5	1.9
500 — 750	10.1	2.3	15.4	4.0
750 — 1000	10.7	7.7	12.7	6.6
1000 — 1250	10.7	6.9	13.3	8.3
1250 — 1500	8.2	7.5	8.7	8.3
1500 — 1750	9.7	7.8	11.0	8.2
1750 — 2000	5.9	6.8	5.3	7.5
2000 — 2500	9.9	12.8	7.9	11.8
2500 — 3000	6.8	11.2	3.8	8.0
3000 — 4000	5.9	13.6	.7	9.0
4000 — 5000	3.3	5.6	1.8	4.0
5000 and over	6.7	16.7	•	22.4
ALL LEVELS	100.0	100.0	100.0•	100.0
Estimated amount (in millions)	\$478.5	\$193.8	\$284.7	\$44,359.9

^a Gross increase equals the sum of the increases in cash loan debt for families having a net increase in such debt.

^b Gross decrease equals the sum of the decreases in cash loan debt for families having a net decrease in such debt.

^c Net increase equals the gross increase minus the gross decrease.

^d Based on unpublished data obtained from the National Resources Committee on the distribution of aggregate income for non-relief families, 1935-36.

• Total actually equals 100.1 because there was a net decrease in cash loan debt in the income level of \$5000 and over of .1 percent.

TABLE B-3

Percent of Non-Relief, Non-Farm Families Having a Net Change in Cash Loan Debt and Percentage Distribution of These Families and of the Net Increase in Cash Loan Debt Attributable to Them, 1935-36, by Income Level

INCOME LEVEL	PERCENT OF NON-RELIEF, NON-FARM FAMILIES HAVING A NET CHANGE	PERCENTAGE DISTRIBUTION	
		Non-Relief, Non-Farm Families Having a Net Change	Net Increase
Under \$500	4.3	4.6	3.4
500 — 750	5.8	6.7	8.2
750 — 1000	7.2	11.3	8.6
1000 — 1250	7.3	12.3	11.9
1250 — 1500	8.6	12.1	9.6
1500 — 1750	9.5	11.7	12.0
1750 — 2000	9.1	9.4	7.1
2000 — 2500	9.2	12.6	14.8
2500 — 3000	10.5	8.0	10.0
3000 — 4000	8.2	5.7	5.1
4000 — 5000	9.7	2.3	5.2
5000 and over	7.0	3.3	4.1
ALL LEVELS	7.9	100.0	100.0
Estimated amount (in millions)		1.5	\$174.5

TABLE B-4

Ratio of Gross Increase, Gross Decrease and Net Increase in Cash Loan Debt for Non-Relief Families to Aggregate Income of Such Families, 1935-36, by Income Level

INCOME LEVEL	GROSS INCREASE ^a	GROSS DECREASE ^b	NET INCREASE ^c
Under \$500	6.96	.27	6.69
500 — 750	2.73	.24	2.49
750 — 1000	1.75	.51	1.24
1000 — 1250	1.40	.36	1.04
1250 — 1500	1.08	.40	.68
1500 — 1750	1.27	.42	.85
1750 — 2000	.84	.39	.45
2000 — 2500	.90	.47	.43
2500 — 3000	.92	.62	.30
3000 — 4000	.71	.66	.05
4000 — 5000	.90	.61	.29
5000 and over	.32	.33	— .01
ALL LEVELS	1.08	.44	.64

^a Gross increase equals the sum of the increases in cash loan debt for families having a net increase in such debt.

^b Gross decrease equals the sum of the decreases in cash loan debt for families having a net decrease in such debt.

^c Net increase equals gross increase minus gross decrease.

TABLE B-5

Ratio of Gross Increase, Gross Decrease and Net Increase in Cash Loan Debt to Aggregate Income of Non-Relief Families Having a Net Change in Such Debt, 1935-36, by Income Level

INCOME LEVEL	GROSS INCREASE ^a	GROSS DECREASE ^b	NET INCREASE ^c
Under \$500	87.00	3.38	83.62
500 — 750	34.13	3.00	31.13
750 — 1000	19.43	5.66	13.77
1000 — 1250	16.24	4.18	12.06
1250 — 1500	10.80	4.00	6.80
1500 — 1750	11.81	3.91	7.90
1750 — 2000	8.48	3.94	4.54
2000 — 2500	8.46	4.42	4.04
2500 — 3000	7.91	5.33	2.58
3000 — 4000	7.46	6.93	.53
4000 — 5000	8.37	5.67	2.70
5000 and over	3.81	3.93	— .12
ALL LEVELS	11.45	4.66	6.79

^a Gross increase equals the sum of the increases in cash loan debt for families having a net increase in such debt.

^b Gross decrease equals the sum of the decreases in cash loan debt for families having a net decrease in such debt.

^c Net increase equals gross increase minus gross decrease.

TABLE B-6

Percent of Non-Relief Families Increasing Cash Loan Debt, Percent Decreasing Such Debt and Percentage Distribution of Both Groups, 1935-36, by Income Level

INCOME LEVEL	PERCENT OF NON-RELIEF FAMILIES		PERCENTAGE DISTRIBUTION OF NON-RELIEF FAMILIES	
	Increasing Debt	Decreasing Debt	Increasing Debt	Decreasing Debt
Under \$500	7.3 ^a	.7	12.2	2.7
500 — 750	6.8	1.2	12.0	4.5
750 — 1000	6.9	2.1	14.5	9.4
1000 — 1250	6.2	2.4	12.8	10.5
1250 — 1500	6.2	3.8	10.5	13.6
1500 — 1750	6.7	4.1	9.5	12.4
1750 — 2000	6.2	3.7	7.1	9.0
2000 — 2500	6.3	4.3	9.4	13.6
2500 — 3000	6.6	5.0	5.4	8.7
3000 — 4000	5.0	4.5	3.7	7.1
4000 — 5000	5.4	5.4	1.4	2.9
5000 and over	3.1	5.3	1.5	5.6
ALL LEVELS	6.4	3.0	100.0	100.0
Estimated number of families (in thousands)			1,591	749

^a This rather high figure reflects the extremely large percentages of families with incomes below \$250 increasing cash loan debt in farm communities, especially in the Mountain and Plain (62.3), North Central (25.1) and Pacific (29.6) regions.

TABLE B-7

Average Increase in Cash Loan Debt of Non-Relief Families Increasing Such Debt, Average Decrease in Cash Loan Debt of Non-Relief Families Decreasing Such Debt and Ratio of Average Increase and of Average Decrease to Average Income, 1935-36, by Income Level

INCOME LEVEL	AVERAGE INCREASE	RATIO OF AVERAGE INCREASE TO AVERAGE INCOME *	AVERAGE DECREASE	RATIO OF AVERAGE DECREASE TO AVERAGE INCOME *
Under \$500	\$ 298	95.5	\$111	35.6
500 — 1000	235	30.8	184	24.1
1000 — 1500	245	19.9	155	12.6
1500 — 2000	282	16.5	177	10.4
2000 — 2500	316	14.2	243	10.9
2500 — 3000	379	13.9	334	12.3
3000 — 4000	479	14.1	494	14.6
4000 — 5000	735	16.7	499	11.4
5000 and over	1,307	15.2	772	9.0
ALL LEVELS	\$ 301	18.5	\$259	15.9

* The average income in each class was derived from unpublished data on consumer incomes, 1935-36, obtained from the National Resources Committee, as follows: the aggregate income received by non-relief families was divided by the total number of such families in each income class. The average income for the \$5000-and-over group represents the average for families with incomes between \$5000 and \$20,000.

TABLE B-8

Percent of Non-Relief Families Having a Net Change in Cash Loan Debt, 1935-36, in Six Types of Community,* by Income Level

INCOME LEVEL	METROPOLISES	LARGE CITIES	MIDDLE-SIZED CITIES		SMALL CITIES	VILLAGES	ALL NON-FARM COMMUNITIES		ALL COMMUNITIES
							FARMS		
Under \$500	3.1	3.8	4.0	4.8	4.7	4.3	13.3	8.0	
500-1000	8.5	7.4	5.6	6.4	6.2	6.6	12.1	8.6	
1000-1500	9.0	8.2	6.0	7.9	8.0	7.9	13.7	9.2	
1500-2000	9.3	10.4	6.3	9.4	9.8	9.4	15.2	10.4	
2000-2500	8.3	11.4	7.3	7.2	10.7	9.2	18.9	10.6	
2500-3000	10.0	9.8	7.7	10.6	13.7	10.5	18.6	11.6	
3000-4000	7.3	6.9	8.1	9.8	10.0	8.2	17.8	9.5	
4000-5000	9.0	5.5	7.2	10.2	19.3	9.7	18.8	10.8	
5000 and over	6.3	6.7	4.6	9.6	8.4	7.0	19.9	8.4	
ALL LEVELS	8.4	8.5	6.1	7.8	8.1	7.9	13.9	9.4	

* Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

TABLE B-9

Percentage Distribution of Non-Relief Families Having a Net Change, Net Increase or Net Decrease in Cash Loan Debt, and of All Non-Relief Families, 1935-36, by Type of Community ^a

TYPE OF COMMUNITY	NON-RELIEF FAMILIES HAVING			ALL NON-RELIEF FAMILIES ^b
	Net Change	Net Increase	Net Decrease	
Metropolises	10.1	11.3	7.5	11.3
Large cities	17.0	18.0	14.9	18.7
Middle-sized cities	6.8	7.8	4.8	10.4
Small cities	13.6	13.6	13.6	16.4
Villages	15.9	15.9	15.8	18.4
Farms	36.6	33.4	43.4	24.8
ALL COMMUNITIES	100.0	100.0	100.0	100.0

^a Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

^b National Resources Committee, *Consumer Incomes in the United States* (1938) Table 25B, p. 101.

TABLE B-10

Percentage Distribution of Gross Increase, Gross Decrease and Net Increase in Cash Loan Debt for Non-Relief Families, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Type of Community.^a

TYPE OF COMMUNITY	GROSS INCREASE ^b	GROSS DECREASE ^c	NET INCREASE ^d	AGGREGATE INCOME ^e
Metropolises	7.7	4.6	9.7	17.1
Large cities	14.1	11.4	16.0	22.9
Middle-sized cities	4.9	3.3	6.1	10.7
Small cities	9.9	12.1	8.4	15.2
Villages	18.6	14.6	21.3	16.6
Farms	44.8	54.0	38.5	17.5
ALL COMMUNITIES	100.0	100.0	100.0	100.0

^a Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

^b Gross increase equals the sum of the increases in cash loan debt for families having a net increase in such debt.

^c Gross decrease equals the sum of the decreases in cash loan debt for families having a net decrease in such debt.

^d Net increase equals gross increase minus gross decrease.

^e National Resources Committee, *Consumer Incomes in the United States* (1938) Table 7, p. 23.

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TABLE B-11

**Percent of Non-Relief Families Having a Net Change,
Net Increase or Net Decrease in Cash Loan Debt,
1935-36, by Type of Community***

TYPE OF COMMUNITY	NET CHANGE	NET INCREASE	NET DECREASE
Metropolises	8.4	6.4	2.0
Large cities	8.5	6.1	2.4
Middle-sized cities	6.1	4.7	1.4
Small cities	7.8	5.3	2.5
Villages	8.1	5.5	2.6
Farms	13.9	8.6	5.3
ALL COMMUNITIES	9.4	6.4	3.0

* Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

TABLE B-12

Average Increase in Cash Loan Debt of Non-Relief Families Increasing Such Debt, 1935-36, in Six Types of Community,* by Income Level

INCOME LEVEL	METROPOLISES	LARGE CITIES	MIDDLE-SIZED CITIES	SMALL CITIES	VILLAGES	ALL NON-FARM COMMUNITIES	FARMS	ALL COMMUNITIES
Under \$500	\$197	\$ 155	\$160	\$ 67	\$ 103	\$ 118	\$ 375	\$ 298
500 — 1000	182	175	112	152	166	160	321	235
1000 — 1500	130	143	164	153	274	178	425	245
1500 — 2000	201	179	151	187	329	214	570	282
2000 — 2500	183	247	188	360	481	295	432	316
2500 — 3000	249	286	461	525	336	350	648	379
3000 — 4000	265	413	628	366	621	479	478	479
4000 — 5000	419	399	582	326	1,525	745	659	735
5000 and over	209	1,938	455	482	4,426	1,234	1,647	1,307
ALL LEVELS	\$203	\$ 236	\$192	\$218	\$ 352	\$ 249	\$ 403	\$ 301

* Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

TABLE B-13

Average Decrease in Cash Loan Debt of Non-Relief Families Decreasing Such Debt, 1935-36, in Six Types of Community,^a by Income Level

INCOME LEVEL	METROPOLISES	LARGE CITIES	MIDDLE-SIZED CITIES	SMALL CITIES	VILLAGES	ALL NON-FARM COMMUNITIES		ALL COMMUNITIES
						FARMS		
Under \$500	\$ 3	..	\$ 4	\$133	\$ 49	\$102	\$ 119	\$111
500—1000	3	\$ 65	67	341	53	156	204	184
1000—1500	91	70	93	98	150	106	206	155
1500—2000	97	111	120	131	156	127	260	177
2000—2500	138	151	102	212	272	184	333	243
2500—3000	179	276	117	191	321	241	488	334
3000—4000	342	265	342	446	627	419	629	494
4000—5000	270	316	311	433	396	366	793	499
5000 and over	260	860	104	624	610	625	1,109	772
ALL LEVELS	\$158	\$199	\$174	\$231	\$239	\$210	\$ 322	\$259

^a Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

TABLE B-14

Percent of Non-Relief Families Having a Net Change in Cash Loan Debt, 1935-36, in Five Regions,^a by Income Level

INCOME LEVEL	NEW ENGLAND	NORTH CENTRAL	SOUTH	MOUNTAIN AND PLAIN	PACIFIC	ALL REGIONS
Under \$500	11.4	10.0	2.1	44.7	6.9	8.0
500—1000	8.6	9.8	4.7	23.2	8.5	8.6
1000—1500	7.6	10.1	6.2	17.0	7.8	9.2
1500—2000	9.4	10.3	9.8	16.0	9.8	10.4
2000—2500	7.0	9.8	12.3	12.8	13.1	10.6
2500—3000	14.0	9.9	13.9	15.1	11.5	11.6
3000—4000	6.6	8.4	10.4	14.6	12.6	9.5
4000—5000	9.0	8.7	13.7	11.8	11.9	10.8
5000 and over	3.3	7.1	12.2	10.3	11.9	8.4
ALL LEVELS	8.4	9.8	6.5	21.2	9.6	9.4

^a New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

North Central: Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, New Jersey, New York, Ohio, Pennsylvania, Wisconsin.

South: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.

Mountain and Plain: Arizona, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Utah, Wyoming.

Pacific: California, Oregon, Washington.

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TABLE B-15

Percentage Distribution of Non-Relief Families Having a Net Change, Net Increase or Net Decrease in Cash Loan Debt, and of All Non-Relief Families, 1935-36, by Region ^a

REGION	NON-RELIEF FAMILIES HAVING			ALL NON-RELIEF FAMILIES ^b
	Net Change	Net Increase	Net Decrease	
New England	5.8	6.0	5.4	6.5
North Central	51.7	49.0	57.6	49.5
South	21.2	21.6	20.3	30.5
Mountain and Plain	13.7	15.5	9.9	6.1
Pacific	7.6	7.9	6.8	7.4
ALL REGIONS	100.0	100.0	100.0	100.0

^a For regional classification, see Table B-14.

^b National Resources Committee, *Consumer Incomes in the United States* (1938) Table 25B, p. 101.

TABLE B-16

Percentage Distribution of Gross Increase, Gross Decrease and Net Increase in Cash Loan Debt for Non-Relief Families, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Region ^a

REGION	GROSS INCREASE ^b	GROSS DECREASE ^c	NET INCREASE ^d	AGGREGATE INCOME ^e
New England	4.7	3.6	5.5	7.3
North Central	45.8	55.1	39.4	54.9
South	22.6	19.7	24.6	24.6
Mountain and Plain	18.5	13.8	21.7	5.2
Pacific	8.4	7.8	8.8	8.0
ALL REGIONS	100.0	100.0	100.0	100.0

^a For regional classification, see Table B-14.

^b Gross increase equals the sum of the increases in cash loan debt for families having a net increase in such debt.

^c Gross decrease equals the sum of the decreases in cash loan debt for families having a net decrease in such debt.

^d Net increase equals gross increase minus gross decrease.

^e Computed from National Resources Committee, *Consumer Incomes in the United States* (1938) Tables 6 and 24B.

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TABLE B-17

**Percent of Non-Relief Families Having a Net Change,
Net Increase or Net Decrease in Cash Loan Debt,
1935-36, by Region ***

REGION	NET CHANGE	NET INCREASE	NET DECREASE
New England	8.4	5.9	2.5
North Central	9.8	6.3	3.5
South	6.5	4.5	2.0
Mountain and Plain	21.2	16.3	4.9
Pacific	9.6	6.8	2.8
ALL REGIONS	9.4	6.4	3.0

* For regional classification, see Table B-14.

APPENDIX C

Tables on Charge Account Debt

For all tables in this section showing a breakdown by income level, each income level is inclusive of the lower limit and exclusive of the upper limit; for example, an income of exactly \$1000 is included in the \$1000-1250 income group.

All tables have been computed from data on charge account debt obtained from the Study of Consumer Purchases, unless otherwise noted.

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Tables on Charge Account Debt

TABLE C-1

Percent of Non-Relief Families Having a Net Change in Charge Account Debt, and Percentage Distribution of These Families and of All Non-Relief Families, 1935-36, by Income Level

INCOME LEVEL	PERCENT OF NON-RELIEF FAMILIES HAVING A NET CHANGE	PERCENTAGE DISTRIBUTION	
		Non-Relief Families Having a Net Change	All Non- Relief Families *
Under \$500	17.5	14.2	10.6
500 — 750	13.3	13.7	11.3
750 — 1000	12.6	15.4	13.4
1000 — 1250	10.6	12.7	13.2
1250 — 1500	10.2	10.0	10.8
1500 — 1750	10.4	8.6	9.1
1750 — 2000	9.6	6.4	7.3
2000 — 2500	9.3	8.1	9.5
2500 — 3000	9.3	4.4	5.2
3000 — 4000	7.9	3.4	4.8
4000 — 5000	7.2	1.1	1.6
5000 and over	6.7	2.0	3.2
ALL LEVELS	11.3	100.0	100.0
Estimated number of families (in thousands)		2,733	24,913

* National Resources Committee, *Consumer Incomes in the United States* (1938) Table 8, p. 25.

TABLE C-2

Percentage Distribution of Gross Increase, Gross Decrease and Net Increase in Charge Account Debt for Non-Relief Families, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Income Level

INCOME LEVEL	GROSS INCREASE ^a	GROSS DECREASE ^b	NET INCREASE ^c	AGGREGATE INCOME ^d
Under \$500	11.9	3.1	15.4	1.9
500 — 750	13.7	5.9	16.9	4.0
750 — 1000	14.6	9.8	16.5	6.6
1000 — 1250	11.5	12.3	11.2	8.3
1250 — 1500	8.1	11.0	6.9	8.3
1500 — 1750	7.8	13.1	5.6	8.2
1750 — 2000	5.6	8.5	4.5	7.5
2000 — 2500	8.7	10.4	8.0	11.8
2500 — 3000	5.3	8.0	4.2	8.0
3000 — 4000	4.0	8.8	2.1	9.0
4000 — 5000	1.7	3.6	.9	4.0
5000 and over	7.1	5.5	7.8	22.4
ALL LEVELS	100.0	100.0	100.0	100.0
Estimated amount (in millions)	\$158.1	\$45.8	\$112.3	\$44,359.9

^a Gross increase equals the sum of the increases in charge account debt for families having a net increase in such debt.

^b Gross decrease equals the sum of the decreases in charge account debt for families having a net decrease in such debt.

^c Net increase equals gross increase minus gross decrease.

^d Based on unpublished data obtained from the National Resources Committee on the distribution of aggregate income for non-relief families, 1935-36.

TABLE C-3

Ratio of Gross Increase, Gross Decrease and Net Increase in Charge Account Debt for Non-Relief Families to Aggregate Income of Such Families, 1935-36, by Income Level

INCOME LEVEL	GROSS INCREASE ^a	GROSS DECREASE ^b	NET INCREASE ^c
Under \$500	2.26	.17	2.09
500 — 750	1.22	.15	1.07
750 — 1000	.79	.15	.64
1000 — 1250	.50	.16	.34
1250 — 1500	.35	.14	.21
1500 — 1750	.34	.17	.17
1750 — 2000	.27	.12	.15
2000 — 2500	.26	.09	.17
2500 — 3000	.24	.10	.14
3000 — 4000	.16	.10	.06
4000 — 5000	.15	.09	.06
5000 and over	.11	.03	.08
ALL LEVELS	.35	.10	.25

^a Gross increase equals the sum of the increases in charge account debt for families having a net increase in such debt.

^b Gross decrease equals the sum of the decreases in charge account debt for families having a net decrease in such debt.

^c Net increase equals gross increase minus gross decrease.

TABLE C-4

Ratio of Gross Increase, Gross Decrease and Net Increase in Charge Account Debt to Aggregate Income of Non-Relief Families Having a Net Change in Such Debt, 1935-36, by Income Level

INCOME LEVEL	GROSS INCREASE ^a	GROSS DECREASE ^b	NET INCREASE ^c
Under \$500	12.88	.97	11.91
500 — 750	9.15	1.13	8.02
750 — 1000	6.24	1.19	5.05
1000 — 1250	4.70	1.50	3.20
1250 — 1500	3.43	1.37	2.06
1500 — 1750	3.26	1.63	1.63
1750 — 2000	2.81	1.25	1.56
2000 — 2500	2.81	.97	1.84
2500 — 3000	2.59	1.08	1.51
3000 — 4000	2.03	1.27	.76
4000 — 5000	2.09	1.25	.84
5000 and over	1.64	.45	1.19
ALL LEVELS	3.08	.88	2.20

^a Gross increase equals the sum of the increases in charge account debt for families having a net increase in such debt.

^b Gross decrease equals the sum of the decreases in charge account debt for families having a net decrease in such debt.

^c Net increase equals gross increase minus gross decrease.

TABLE C-5

Percent of Non-Relief Families Increasing Charge Account Debt, Percent Decreasing Such Debt and Percentage Distribution of Both Groups, 1935-36, by Income Level

INCOME LEVEL	PERCENT OF NON-RELIEF FAMILIES		PERCENTAGE DISTRIBUTION OF NON-RELIEF FAMILIES	
	Increasing Debt	Decreasing Debt	Increasing Debt	Decreasing Debt
Under \$500	16.3	1.2	16.1	6.3
500 — 750	11.7	1.6	14.9	8.8
750 — 1000	10.3	2.3	15.5	15.0
1000 — 1250	8.3	2.3	12.3	14.7
1250 — 1500	7.7	2.5	9.3	13.1
1500 — 1750	7.9	2.5	8.0	11.0
1750 — 2000	7.2	2.4	5.9	8.6
2000 — 2500	7.3	2.0	7.8	9.3
2500 — 3000	7.2	2.1	4.2	5.3
3000 — 4000	5.9	2.0	3.1	4.6
4000 — 5000	5.1	2.1	.9	1.6
5000 and over	5.6	1.1	2.0	1.7
ALL LEVELS	9.2	2.1	100.0	100.0
Estimated number of families (in thousands)			2,221	512

TABLE C-6

Average Increase in Charge Account Debt of Non-Relief Families Increasing Such Debt, Average Decrease in Charge Account Debt of Non-Relief Families Decreasing Such Debt and Ratio of Average Increase and of Average Decrease to Average Income, 1935-36, by Income Level

INCOME LEVEL	AVERAGE INCREASE	RATIO OF AVERAGE INCREASE TO AVERAGE INCOME ^a	AVERAGE DECREASE	RATIO OF AVERAGE DECREASE TO AVERAGE INCOME ^a
Under \$500	\$ 53	17.0	\$ 45	14.4
500 — 1000	66	8.7	59	7.7
1000 — 1500	65	5.3	75	6.1
1500 — 2000	68	4.0	99	5.8
2000 — 2500	80	3.6	100	4.5
2500 — 3000	89	3.3	134	4.9
3000 — 4000	91	2.7	170	5.0
4000 — 5000	128	2.9	192	4.4
5000 and over	254	3.0	290	3.4
ALL LEVELS	\$ 71	4.4	\$ 89	5.5

^aThe average income in each class was derived from unpublished data on consumer incomes, 1935-36, obtained from the National Resources Committee, as follows: the aggregate income received by non-relief families was divided by the total number of such families in each income class. The average income for the \$5000-and-over group represents the average for families with incomes between \$5000 and \$20,000.

CHARGE ACCOUNT DEBT

TABLE C-7

Percent of Non-Relief Families Having a Net Change in Charge Account Debt, 1935-36, in Six Types of Community,* by Income Level

INCOME LEVEL	METROPOLISES	LARGE CITIES	MIDDLE-SIZED CITIES	SMALL CITIES	VILLAGES	ALL NON-FARM COMMUNITIES	FARMS	ALL COMMUNITIES
Under \$500	6.3	12.4	13.4	19.5	20.4	16.6	18.9	17.5
500 - 1000	3.2	11.7	9.8	14.9	16.4	12.8	13.2	12.9
1000 - 1500	2.2	11.4	8.9	12.6	13.3	10.5	10.0	10.4
1500 - 2000	3.3	12.8	9.7	12.9	11.7	10.5	7.7	10.1
2000 - 2500	2.8	13.7	7.7	10.5	11.4	9.7	6.3	9.3
2500 - 3000	2.4	14.8	8.8	10.0	10.6	9.7	6.9	9.3
3000 - 4000	2.6	11.9	8.1	8.4	6.3	7.9	7.7	7.9
4000 - 5000	4.7	8.6	8.8	7.3	5.7	7.1	7.9	7.2
5000 and over	4.6	10.0	5.2	6.5	6.8	7.0	5.1	6.7
ALL LEVELS	3.1	12.2	9.4	13.1	13.9	11.1	12.0	11.3

* Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

TABLE C-8

Percentage Distribution of Non-Relief Families Having a Net Change, Net Increase or Net Decrease in Charge Account Debt, and of All Non-Relief Families, 1935-36, by Type of Community ^a

TYPE OF COMMUNITY	NON-RELIEF FAMILIES HAVING			ALL NON-RELIEF FAMILIES ^b
	Net Change	Net Increase	Net Decrease	
Metropolises	3.1	3.4	1.6	11.3
Large cities	20.2	20.7	18.0	18.7
Middle-sized cities	8.7	8.8	8.6	10.4
Small cities	19.0	19.9	15.0	16.4
Villages	22.7	22.8	22.2	18.4
Farms	26.3	24.4	34.6	24.8
ALL COMMUNITIES	100.0	100.0	100.0	100.0

^a Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

^b National Resources Committee, *Consumer Incomes in the United States* (1938) Table 25B, p. 101.

TABLE C-9

Percentage Distribution of Gross Increase, Gross Decrease and Net Increase in Charge Account Debt for Non-Relief Families, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Type of Community ^a

TYPE OF COMMUNITY	GROSS INCREASE ^b	GROSS DECREASE ^c	NET INCREASE ^d	AGGREGATE INCOME ^e
Metropolises	3.0	1.3	3.6	17.1
Large cities	20.7	15.2	23.0	22.9
Middle-sized cities	8.5	9.6	8.1	10.7
Small cities	18.8	14.7	20.4	15.2
Villages	22.2	20.2	23.0	16.6
Farms	26.8	39.0	21.9	17.5
ALL COMMUNITIES	100.0	100.0	100.0	100.0

^a Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

^b Gross increase equals the sum of the increases in charge account debt for families having a net increase in such debt.

^c Gross decrease equals the sum of the decreases in charge account debt for families having a net decrease in such debt.

^d Net increase equals gross increase minus gross decrease.

^e National Resources Committee, *Consumer Incomes in the United States* (1938) Table 7, p. 23.

TABLE C-10

Percent of Non-Relief Families Having a Net Change,
Net Increase or Net Decrease in Charge Account Debt,
1935-36, by Type of Community^a

TYPE OF COMMUNITY	NET CHANGE	NET INCREASE	NET DECREASE
Metropolises	3.1	2.8	.3
Large cities	12.2	10.2	2.0
Middle-sized cities	9.4	7.7	1.7
Small cities	13.1	11.2	1.9
Villages	13.9	11.4	2.5
Farms	12.0	9.1	2.9
ALL COMMUNITIES	11.3	9.2	2.1

^a Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 2,500 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

TABLE C-11

Average Increase in Charge Account Debt of Non-Relief Families Increasing Such Debt, 1935-36, in Six Types of Community,* by Income Level

INCOME LEVEL	METROPOLISES	LARGE CITIES	MIDDLE-SIZED CITIES	SMALL CITIES	VILLAGES	ALL NON-FARM COMMUNITIES		ALL COMMUNITIES
						FARMS		
Under \$500	\$ 46	\$ 40	\$ 41	\$ 62	\$ 40	\$ 47	\$ 60	\$ 53
500 - 1000	54	61	72	62	63	63	73	66
1000 - 1500	45	52	51	59	69	59	89	65
1500 - 2000	52	54	66	62	91	66	90	68
2000 - 2500	81	58	80	85	96	76	121	80
2500 - 3000	82	58	125	85	108	81	185	89
3000 - 4000	55	70	122	124	78	86	132	91
4000 - 5000	46	131	111	147	126	114	278	128
5000 and over	109	373	155	161	134	252	276	254
ALL LEVELS	\$ 61	\$ 71	\$ 69	\$ 67	\$ 69	\$ 68	\$ 77	\$ 71

* Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

TABLE C-12

Average Decrease in Charge Account Debt of Non-Relief Families Decreasing Such Debt, 1935-36, in Six Types of Community,* by Income Level

INCOME LEVEL	METROPOLISES	LARGE CITIES	MIDDLE-SIZED CITIES	SMALL CITIES	VILLAGES	ALL NON-FARM		ALL COMMUNITIES
						COMMUNITIES	FARMS	
Under \$500	..	..	\$ 29	..	\$ 24	\$ 25	\$ 60	\$ 45
500—1000	..	\$ 29	47	\$ 38	46	42	75	59
1000—1500	\$ 20	38	102	65	58	59	103	75
1500—2000	14	103	103	83	99	93	117	99
2000—2500	46	83	76	126	118	97	117	100
2500—3000	49	94	223	101	142	124	181	134
3000—4000	242	97	101	161	299	150	253	170
4000—5000	221	84	321	220	313	154	317	192
5000 and over	99	112	234	200	478	277	357	290
ALL LEVELS	\$ 70	\$ 75	\$101	\$ 88	\$ 81	\$ 83	\$101	\$ 89

* Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

TABLE C-13

Percent of Non-Relief Families Having a Net Change in Charge Account Debt, 1935-36, in Five Regions,* by Income Level

INCOME LEVEL	NEW ENGLAND	NORTH CENTRAL	SOUTH	MOUNTAIN AND PLAIN	PACIFIC	ALL REGIONS
Under \$500	1.1	12.8	19.9	23.4	19.9	17.5
500 - 1000	9.8	9.5	15.6	19.3	17.9	12.9
1000 - 1500	8.3	7.8	13.8	15.9	16.5	10.4
1500 - 2000	9.3	7.8	14.2	13.6	12.1	10.1
2000 - 2500	8.7	6.3	14.2	12.5	13.2	9.3
2500 - 3000	8.4	6.3	15.4	12.8	11.5	9.3
3000 - 4000	8.2	5.7	10.4	14.7	9.5	7.9
4000 - 5000	3.6	5.4	9.3	13.4	8.0	7.2
5000 and over	6.8	6.8	6.0	15.6	3.3	6.7
ALL LEVELS	8.4	8.1	15.3	16.8	14.4	11.3

* New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

North Central: Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, New Jersey, New York, Ohio, Pennsylvania, Wisconsin.

South: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.

Mountain and Plain: Arizona, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Utah, Wyoming.

Pacific: California, Oregon, Washington.

TABLE C-14

Percentage Distribution of Non-Relief Families Having a Net Change, Net Increase or Net Decrease in Charge Account Debt, and of All Non-Relief Families, 1935-36, by Region ^a

REGION	NON-RELIEF FAMILIES HAVING			ALL NON-RELIEF FAMILIES ^b
	Net Change	Net Increase	Net Decrease	
New England	4.8	4.8	5.0	6.5
North Central	35.4	34.9	38.1	49.5
South	41.3	42.3	36.7	30.5
Mountain and Plain	9.1	8.9	9.6	6.1
Pacific	9.4	9.1	10.6	7.4
ALL REGIONS	100.0	100.0	100.0	100.0

^a For regional classification, see Table C-13.

^b National Resources Committee, *Consumer Incomes in the United States* (1938) Table 25B, p. 101.

TABLE C-15

Percentage Distribution of Gross Increase, Gross Decrease and Net Increase in Charge Account Debt for Non-Relief Families, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Region ^a

REGION	GROSS INCREASE ^b	GROSS DECREASE ^c	NET INCREASE ^d	AGGREGATE INCOME ^e
New England	4.6	4.9	4.5	7.3
North Central	38.7	37.4	39.2	54.9
South	34.1	33.0	34.6	24.6
Mountain and Plain	13.4	14.9	12.8	5.2
Pacific	9.2	9.8	8.9	8.0
ALL REGIONS	100.0	100.0	100.0	100.0

^a For regional classification, see Table C-13.

^b Gross increase equals the sum of the increases in charge account debt for families having a net increase in such debt.

^c Gross decrease equals the sum of the decreases in charge account debt for families having a net decrease in such debt.

^d Net increase equals gross increase minus gross decrease.

^e Computed from National Resources Committee, *Consumer Incomes in the United States (1938)* Tables 6 and 24B.

TABLE C-16

Percent of Non-Relief Families Having a Net Change,
Net Increase or Net Decrease in Charge Account Debt,
1935-36, by Region ^a

REGION	NET CHANGE	NET INCREASE	NET DECREASE
New England	8.4	6.8	1.6
North Central	8.1	6.5	1.6
South	15.3	12.8	2.5
Mountain and Plain	16.8	13.5	3.3
Pacific	14.4	11.4	3.0
ALL REGIONS	11.3	9.2	2.1

^a For regional classification, see Table C-13.

APPENDIX D

Tables on Consumer Debt

For all tables in this section showing a breakdown by income level, each income level is inclusive of the lower limit and exclusive of the upper limit; for example, an income of exactly \$1000 is included in the \$1000-1250 income group.

Unless otherwise noted, all tables have been computed from data on installment debt, cash loan debt and charge account debt obtained from the Study of Consumer Purchases.

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Tables on Consumer Debt

TABLE D-1

Estimates of Percent of Non-Relief Families Having a Net Change in Consumer Debt and Percentage Distribution of Such Families and of All Non-Relief Families, 1935-36, by Income Level

INCOME LEVEL	(1) ASSUMING COMPLETE OVERLAPPING OF DEBT ^a	(2) ASSUMING NO OVERLAPPING OF DEBT ^b	(3) AVERAGE OF COLUMNS (1) AND (2)	PERCENTAGE DISTRIBUTION	
				Non-Relief Families Having a Net Change ^c	All Non-Relief Families ^d
Under \$500	17.5	37.4	27.5	8.5	10.6
500 — 750	16.8	38.1	27.5	9.1	11.3
750 — 1000	21.3	42.9	32.1	12.6	13.4
1000 — 1250	24.9	44.1	34.5	13.2	13.2
1250 — 1500	27.6	47.8	37.7	11.9	10.8
1500 — 1750	29.0	50.2	39.6	10.5	9.1
1750 — 2000	31.9	51.4	41.7	8.9	7.3
2000 — 2500	30.2	50.1	40.2	11.2	9.5
2500 — 3000	29.3	50.2	39.8	6.1	5.2
3000 — 4000	23.8	41.2	32.5	4.5	4.8
4000 — 5000	21.5	39.5	30.5	1.4	1.6
5000 and over	15.0	30.1	22.6	2.1	3.2
ALL LEVELS	24.2	44.3	34.3	100.0	100.0

^a This column represents the minimum frequency of consumer debt, or the highest frequency of debt, whether instalment, cash loan or charge account, in any income level.

^b This column represents the maximum frequency of consumer debt, or the sum of the frequencies of instalment, cash loan and charge account debt.

^c The percentage distribution of families having a net change in consumer debt is based on the average of the minimum and maximum frequencies of debt (column 3).

^d National Resources Committee, *Consumer Incomes in the United States* (1938) Table 8, p. 25.

TABLE D-2

Percentage Distribution of Gross Increase, Gross Decrease and Net Increase in Consumer Debt for Non-Relief Families, 1935-36, by Income Level

INCOME LEVEL	GROSS INCREASE ^a	GROSS DECREASE ^b	NET INCREASE ^c	AGGREGATE INCOME ^d
Under \$500	7.5	1.4	10.9	1.9
500 — 750	8.0	3.0	10.8	4.0
750 — 1000	9.8	7.1	11.4	6.6
1000 — 1250	11.2	8.5	12.7	8.3
1250 — 1500	9.6	9.2	9.9	8.3
1500 — 1750	10.2	9.9	10.3	8.2
1750 — 2000	8.9	9.1	8.7	7.5
2000 — 2500	12.6	14.1	11.8	11.8
2500 — 3000	7.7	10.8	6.0	8.0
3000 — 4000	6.2	11.3	3.3	9.0
4000 — 5000	2.7	4.6	1.6	4.0
5000 and over	5.6	11.0	2.6	22.4
ALL LEVELS	100.0	100.0	100.0	100.0
Estimated amount (in millions)	\$1,257.5	\$452.9	\$804.6	\$44,359.9

^a Gross increase equals the sum of the increases in instalment, cash loan and charge account debt for families having a net increase in one of these types of debt.

^b Gross decrease equals the sum of the decreases in instalment, cash loan and charge account debt for families having a decrease in one of these types of debt.

^c Net increase equals gross increase minus gross decrease.

^d Based on unpublished data obtained from the National Resources Committee on the distribution of aggregate income for non-relief families, 1935-36.

TABLE D-3

Ratio of Gross Increase, Gross Decrease and Net Increase in Consumer Debt for Non-Relief Families to Aggregate Income of Such Families, 1935-36, by Income Level

INCOME LEVEL	GROSS INCREASE ^a	GROSS DECREASE ^b	NET INCREASE ^c
Under \$500	11.33	.77	10.56
500 — 750	5.67	.77	4.90
750 — 1000	4.24	1.10	3.14
1000 — 1250	3.83	1.04	2.79
1250 — 1500	3.31	1.14	2.17
1500 — 1750	3.52	1.25	2.27
1750 — 2000	3.34	1.23	2.11
2000 — 2500	3.01	1.21	1.80
2500 — 3000	2.74	1.38	1.36
3000 — 4000	1.95	1.28	.67
4000 — 5000	1.92	1.16	.76
5000 and over	.71	.51	.20
ALL LEVELS	2.83	1.02	1.81

^a Gross increase equals the sum of the increases in instalment, cash loan and charge account debt for families having a net increase in one of these types of debt.

^b Gross decrease equals the sum of the decreases in instalment, cash loan and charge account debt for families having a net decrease in one of these types of debt.

^c Net increase equals gross increase minus gross decrease.

TABLE D-4

Ratio of Gross Increase, Gross Decrease and Net Increase in Consumer Debt to Aggregate Income of Non-Relief Families Having a Net Change in Such Debt, 1935-36, by Income Level^a

INCOME LEVEL	GROSS INCREASE	GROSS DECREASE	NET INCREASE
Under \$500	40.79	2.77	38.02
500 — 750	20.41	2.77	17.64
750 — 1000	13.14	3.41	9.73
1000 — 1250	11.11	3.02	8.09
1250 — 1500	8.94	3.08	5.86
1500 — 1750	8.80	3.13	5.67
1750 — 2000	8.02	2.95	5.07
2000 — 2500	7.53	3.03	4.50
2500 — 3000	6.85	3.45	3.40
3000 — 4000	5.44	2.30	3.14
4000 — 5000	6.34	3.83	2.51
5000 and over	3.12	2.24	.88
ALL LEVELS	8.21	2.96	5.25

^a These figures were computed on the basis of a frequency of consumer debt which is an average of the minimum and maximum frequencies.

TABLE D-5

Percent of Non-Relief Families Having a Net Change in Consumer Debt, 1935-36,^a in Six Types of Community,^b by Income Level

INCOME LEVEL	METROPOLISES	LARGE CITIES	MIDDLE-SIZED CITIES	SMALL CITIES	VILLAGES	ALL NON-FARM		ALL COMMUNITIES
						COMMUNITIES	FARMS	
Under \$500	9.4	28.6	21.9	30.7	28.7	25.9	29.7	27.5
500—1000	17.6	39.8	31.3	37.6	33.3	34.0	24.2	30.0
1000—1500	25.8	44.1	39.7	46.1	36.8	39.5	24.9	35.9
1500—2000	28.9	51.1	45.1	48.6	41.8	43.8	26.0	40.5
2000—2500	26.8	52.1	41.2	42.8	41.2	41.8	30.6	40.2
2500—3000	29.7	51.7	38.4	41.9	38.4	41.2	31.0	39.8
3000—4000	27.0	41.4	33.5	30.7	29.8	33.5	28.4	32.5
4000—5000	23.1	32.7	32.9	28.9	36.1	30.7	30.3	30.5
5000 and over	18.8	22.4	19.0	24.3	25.5	21.7	31.1	22.6
ALL LEVELS	24.6	43.7	36.4	41.0	35.6	37.1	26.3	34.3

^a These figures represent the average of the minimum and maximum frequencies of consumer debt. For each type of community the minimum frequency is the highest frequency of debt, whether instalment, cash loan or charge account, in any income level. The maximum frequency of consumer debt is the sum of the frequencies of instalment, cash loan and charge account debt.

^b Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

TABLE D-6

Percentage Distribution of Gross Increase, Gross Decrease and Net Increase in Consumer Debt for Non-Relief Families, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Type of Community ^a

TYPE OF COMMUNITY	GROSS INCREASE ^b	GROSS DECREASE ^c	NET INCREASE ^d	AGGREGATE INCOME ^e
Metropolises	7.5	6.7	7.9	17.1
Large cities	21.2	17.7	23.1	22.9
Middle-sized cities	8.4	7.6	8.9	10.7
Small cities	15.8	15.7	15.9	15.2
Villages	18.5	17.4	19.2	16.6
Farms	28.6	34.9	25.0	17.5
ALL COMMUNITIES	100.0	100.0	100.0	100.0

^a Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

^b Gross decrease equals the sum of the decreases in instalment, cash loan and charge account debt for families having a net increase in one of these types of debt.

^c Gross decrease equals the sum of the decreases in instalment, cash loan and charge account debt for families having a net decrease in one of these types of debt.

^d Net increase equals gross increase minus gross decrease.

^e National Resources Committee, *Consumer Incomes in the United States* (1938) Table 7, p. 23.

TABLE D-7

Ratio of Gross Increase, Gross Decrease and Net Increase in Consumer Debt for Non-Relief Families to Aggregate Income of Such Families, 1935-36, by Type of Community ^a

TYPE OF COMMUNITY	GROSS INCREASE ^b	GROSS DECREASE ^c	NET INCREASE ^d
Metropolises	1.24	.41	.83
Large cities	2.61	.79	1.82
Middle-sized cities	2.21	.74	1.47
Small cities	2.94	1.06	1.88
Villages	3.16	1.07	2.09
Farms	4.64	2.03	2.61
ALL COMMUNITIES	2.83	1.02	1.81

^a Metropolises, 1,500,000 population and over; large cities, 100,000 to 1,500,000; middle-sized cities, 25,000 to 100,000; small cities, 2,500 to 25,000; villages, less than 2,500.

^b Gross increase equals the sum of the increases in instalment, cash loan and charge account debt for families having a net increase in one of these types of debt.

^c Gross decrease equals the sum of the decreases in instalment, cash loan and charge account debt for families having a net decrease in one of these types of debt.

^d Net increase equals gross increase minus gross decrease.

TABLE D-8

Percent of Non-Relief Families Having a Net Change
in Consumer Debt, 1935-36,^a in Five Regions,^b
by Income Level

INCOME LEVEL	NEW ENGLAND	NORTH CENTRAL	SOUTH	MOUNTAIN AND PLAIN	PACIFIC	ALL REGIONS
Under \$500	17.3	21.6	27.6	62.9	29.9	27.5
500—1000	33.9	26.2	30.8	42.1	38.4	30.0
1000—1500	35.5	31.3	42.1	42.7	45.8	35.9
1500—2000	36.5	34.5	49.6	49.6	53.1	40.5
2000—2500	32.2	30.6	54.3	45.4	53.5	40.2
2500—3000	33.9	32.5	53.5	47.0	48.9	39.8
3000—4000	23.1	27.7	39.4	44.2	40.8	32.5
4000—5000	19.1	25.8	40.3	36.2	33.7	30.5
5000 and over	19.9	18.6	31.5	27.5	23.8	22.6
ALL LEVELS	32.7	29.4	37.5	46.3	44.8	34.3

^a These figures represent the average of the minimum and maximum frequencies of net change in consumer debt. For each region the minimum frequency is the highest frequency of change in debt, whether instalment, cash loan or charge account, in any income level. The maximum frequency of change in consumer debt is the sum of the frequencies of changes in instalment, cash loan and charge account debt.

^b New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

North Central: Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, New Jersey, New York, Ohio, Pennsylvania, Wisconsin.

South: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.

Mountain and Plain: Arizona, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Utah, Wyoming.

Pacific: California, Oregon, Washington.

TABLE D-9

Percentage Distribution of Gross Increase, Gross Decrease and Net Increase in Consumer Debt for Non-Relief Families, and of the Aggregate Income of All Non-Relief Families, 1935-36, by Region ^a

REGION	GROSS INCREASE ^b	GROSS DECREASE ^c	NET INCREASE ^d	AGGREGATE INCOME ^e
New England	5.3	4.6	5.7	7.3
North Central	44.7	47.2	43.3	54.9
South	27.1	28.2	26.5	24.6
Mountain and Plain	12.4	11.0	13.1	5.2
Pacific	10.5	9.0	11.4	8.0
ALL REGIONS	100.0	100.0	100.0	100.0

^a For basis of regional classification, see Table D-8.

^b Gross increase equals the sum of the increases in instalment, cash loan and charge account debt for families having a net increase in one of these types of debt.

^c Gross decrease equals the sum of the decreases in instalment, cash loan and charge account debt for families having a net decrease in one of these types of debt.

^d Net increase equals gross increase minus gross decrease.

^e Computed from National Resources Committee, *Consumer Incomes in the United States* (1938) Tables 6 and 24B.

TABLE D-10

Ratio of Gross Increase, Gross Decrease and Net Increase in Consumer Debt for Non-Relief Families to Aggregate Income of Such Families, 1935-36, by Region ^a

REGION	GROSS INCREASE ^b	GROSS DECREASE ^c	NET INCREASE ^d
New England	2.05	.64	1.41
North Central	2.31	.88	1.43
South	3.12	1.17	1.95
Mountain and Plain	6.67	2.15	4.52
Pacific	3.72	1.15	2.57
ALL REGIONS	2.83	1.02	1.81

^a For basis of regional classification, see Table D-8.

^b Gross increase equals the sum of the increases in instalment, cash loan and charge account debt for families having a net increase in one of these types of debt.

^c Gross decrease equals the sum of the decreases in instalment, cash loan and charge account debt for families having a net decrease in one of these types of debt.

^d Net increase equals gross increase minus gross decrease.

TABLE D-11

Percentage Distribution of Non-Relief, Non-Farm Families Having a Net Change in Instalment Debt or Cash Loan Debt, 1935-36, by Income Level

INCOME LEVEL	INSTALMENT DEBT	CASH LOAN DEBT
Under \$500	4.3	4.6
500 — 750	7.1	6.7
750 — 1000	11.7	11.3
1000 — 1250	14.1	12.3
1250 — 1500	12.8	12.1
1500 — 1750	11.5	11.7
1750 — 2000	10.5	9.4
2000 — 2500	12.7	12.6
2500 — 3000	6.8	8.0
3000 — 4000	5.0	5.7
4000 — 5000	1.5	2.3
5000 and over	2.0	3.3
ALL LEVELS	100.0	100.0

APPENDIX E

**Methods of Estimate and Limitations
of the Data**

Methods of Estimate and Limitations of the Data

THE expenditure data secured in the field investigation by the Study of Consumer Purchases were obtained from a selected sample of 60,000 non-relief families drawn from a random sample of 300,000 families. Data were collected in 51 cities, 140 villages and 66 farm counties in 30 states, chosen to represent different geographic regions, types of community and types of farming area.¹ The majority of the schedules covered the year ending approximately June 30, 1936, but some applied to the calendar year 1935 and others to the year immediately preceding the date of the interview—in other words, a 12-month period ending some time before or after June 30, 1936. In no case, however, did the schedule year end before December 1935 or after December 1936. The data used in this study were secured from Section XXIV of the schedule on family expenditures entitled “Changes in Family Assets and Liabilities During the Schedule Year,” and specifically from items 23, 29, 31 and 32 of that section. These items have been reproduced below. Each of the 60,000 families was asked if there had been an increase or a decrease in its instalment, cash loan or charge account debt; if the family reported a change in either direction, the family was then asked by what amount the debt had increased or decreased.

¹ See National Resources Committee, *Consumer Expenditures in the United States* (1938) pp. 104-05 for a complete list of the communities covered and pp. 102-20 for a more thorough description of the Study of Consumer Purchases.

Changes in Debts Owed by Family *

LIABILITIES	NET AMOUNT OF INCREASE	NET AMOUNT OF DECREASE
23. Notes due to banks, insurance companies, small loan companies.....	\$.....	\$.....
29. Charge accounts due.....	.....	.....
31. Payments on instalment purchases made prior to schedule year (specify goods pur- chased):		
(a)	x x x x x x	.....
(b)	x x x x x x	.....
(c)	x x x x x x	.....
32. Balance due on instalment purchases made during the schedule year (specify goods purchased):		
(a) .....	.....	x x x x x x
(b) .....	.....	x x x x x x
(c) .....	.....	x x x x x x

* From schedule entitled "Changes in Family Assets and Liabilities During the Schedule Year," Section XXIV, employed in field investigation by the Study of Consumer Purchases.

The data—showing the percent of families having a net change, an increase or a decrease in debt, and the average amount of increase or decrease for each of the three types of debt—had already been weighted by the random sample weights when they were supplied to the National Bureau,² and all of the original field samples of each type of community and color-nativity group had been combined within each region to form some fifty basic tabulation units. In order to build up estimates of instalment debt, cash loan debt or charge account debt for the country as a whole, therefore, it was necessary to combine these fifty separate series into one over-all tabulation. The process of combination for the instalment debt data will be described first, since it involved a more complicated technique, and specifically the illustration will be in terms of the data showing the percentage of families increasing debt.

² These data were obtained from the Bureau of Labor Statistics and the Bureau of Home Economics.

In some types of community instalment debt data were available for six separate occupations; in others they were already combined into two to five occupational groupings. Data for each type of community were put on a uniform basis by combination of the various occupations into two groups, with weights obtained from the random sample of 300,000 families. One group comprised salaried and independent professional, business and clerical workers; the other included only wage-earners. The occupational status of the family was determined according to the major source of family earnings, i.e., if members of the family received earnings from two or more occupations, the family was classified according to the occupation from which the greater proportion of total family earnings was derived.

The first combination was applied to the data available from two samples of the same occupational and color-nativity group in one type of community within the same region. Data for non-relief families in each occupational group in New York and Chicago, and in small and middle-sized cities in the East Central and West Central regions,³ were combined by an unweighted average of the frequencies of debt in each income group. Farm data for regions other than the South were combined by the weighting of each percentage by population weights provided by the National Resources Committee.⁴ Data for each color-nativity and farm status group in the South⁵ were combined by the use of unweighted averages. These unweighted color-nativity and farm series were then consolidated by the use of population weights, so that they yielded a single series to represent southern farms. The data for white and Negro families in each occupational group in the other types of community in the South, and in the metropolises and large cities in the North Central region, were

³ The East and West Central regions together form the North Central.

⁴ Thus the series of percentages representing North Central farms constitute a weighted average of the data for Pennsylvania and Ohio, Illinois and Iowa, and Michigan and Wisconsin farms.

⁵ Separate tabulations were made for white operators, white sharecroppers, Negro operators and Negro sharecroppers in North and South Carolina and in the farm counties of Georgia and Mississippi, and for "self-sufficing" farmers in North Carolina.

then combined by weighting of the series for each color group by the appropriate population weights.⁶

The final combinations encompassed the data for each occupational group in each type of community in the five regions—metropolises, large cities, middle-sized cities, small cities, villages, farms—and the further consolidation of the six types of community produced the summary tables which show an occupational breakdown. The two occupational groups in each type of community were then combined and for each income group a weighted average of the percentage in six types of community was obtained to represent the United States as a whole. Tables showing a regional breakdown were developed separately, first through consolidation of the two occupational groups in each community within a region, and second, through combination of all types of communities within each of the five regions.

In the development of tables showing change in instalment balance due, that is, average increase or decrease, combinations were made by the use of unweighted averages in all cases where the percentages of the families having an increase or decrease in debt were initially derived in this way. Where weights were required, they were developed for both increases and decreases in debt by multiplication of the population by the percentage of families having an increase or a decrease in debt. Thus separate weights were obtained for the average increase and average decrease in instalment debt for all commodities and for each commodity group.

Those tables which show the changes in instalment debt for individual types of commodity are confined to data from middle-sized cities, large cities and metropolises. Tables which show a breakdown by type of community and by type of commodity are derived from special tabulations which cover, in addition, small cities, villages and farms in the North Central region only. The

⁶What are here called population weights are in effect the distributions of families in the United States by income level, color and nativity, type of community and region. The income distributions of various groups of farm communities within regions, although unpublished, were made available to us by the National Resources Committee. All other income distributions which we have used as weights may be found in National Resources Committee, *Consumer Incomes in the United States* (1938).

analysis of variations in the use of instalment credit for different commodities by type of community is therefore restricted to communities in the North Central region. These data on individual commodities are somewhat limited, and it is necessary to exercise some caution in extending the results to the country as a whole; as has been indicated in the text, the smaller communities have a different pattern of instalment debt from that of the larger communities.

For changes in cash loan debt and in charge account debt the tables were developed from the fifty basic tabulation units by a method very similar to that used for the tables on instalment debt for all commodities combined. In the case of cash loan and charge account debt, however, the data were not available in an occupational breakdown. The first combination, therefore, was applied to data available from two samples of the same color-nativity group in each type of community in each region by an unweighted average, and the subsequent steps were the same as those for the instalment debt data except that the occupational breakdown was not maintained. Separate weights for average increase and average decrease in cash loan and charge account debt were obtained by the procedure employed for instalment debt.

A number of difficulties involved in the preparation of this study stemmed from limitations in the data obtained from the Study of Consumer Purchases. In the first place, the expenditure study excluded all families which had received relief during any part of the year. Likewise excluded were single individuals, whether relief or non-relief. The omission of families and single persons receiving relief does not detract appreciably from the value of a study of the use of instalment credit or of charge account credit, since the low incomes and inferior credit rating of relief recipients would bar them from most instalment purchases, and probably from charge account purchases as well. One might expect, on the other hand, that relief families would use cash loan credit to a considerable extent. A sample of almost 2,500 good and bad loans from the personal finance departments of twenty-one commercial banks indicates, however, that less than 1 percent of the borrowers were on relief. It may be assumed, therefore, that even for the study of cash loan debt the omission of both families

and single individuals on relief does not constitute a serious deficiency. The exclusion of non-relief single individuals is much more to be regretted, for such persons make up a sizable body of consumers whose pattern of debt might be markedly different from that of non-relief families.

In the second place, the data took no account of foreign-born families. Separate estimates were not worked up for this group in the present study, but on the assumption that its pattern of debt would not differ enough to affect the results greatly, the foreign-born white population was combined with the native white to weight the data for the latter group. Other color groups, an insignificant proportion of population, were added to the Negro population.

In the third place, data were lacking for the lowest income groups in some types of community, and for the highest income groups in others. No figures were available, for instance, for native white families with incomes under \$500 in large cities and metropolises, or for families with incomes under \$250 in middle-sized and small cities and villages, though such families were covered in farm counties. In some cases the data for all small-city families with incomes of \$3000 and more were combined. For villages and farms, data were generally lacking for the income groups over \$10,000. When the instalment debt figures were broken down by occupations it was apparent that data were lacking also in the larger types of community for independent business and professional occupations and for salaried business and professional occupations below the \$1000 level, although information was available for the income group below \$1000 in the clerical and wage-earning occupations. No data were available for wage-earning or clerical families with incomes of \$3000 or more except in metropolises, or for such families with incomes in excess of \$2500 if they lived in small cities or villages.

The deficiencies in the data for the very low and very high income groups necessitated special estimates of the debt patterns of these groups. One possible method of arriving at such estimates was to extrapolate on the basis of the pattern for the intermediate income groups, using some mathematical equation to express a trend from which estimates for the omitted groups could be de-

rived. This method was rejected, however, for three reasons: first, the error of estimate is large, even with the best mathematical procedure; second, because of the relatively smaller number of families included in individual tabulation units, the trend in some cases was not clear, so that it was difficult to choose an equation; third, the amount of labor entailed was considered too great. Families in the income bands for which estimates for instalment debt were required constituted less than 7 percent,⁷ and for cash loan and charge account debt less than 4 percent, of the total non-relief population. They accounted, moreover, for a relatively insignificant proportion of the families in the particular communities for which the estimates were made. Whatever the estimates, they could not have had any marked effect upon the pattern of instalment, cash loan or charge account debt as a whole.

The method adopted was far simpler than the one just outlined. In making estimates of the percentage of families in the lowest income band which had an increase or a decrease in instalment debt, we applied to the \$250-500 band the percentage change between the figures for that band and for the \$500-750 band, when at least a partial trend was evident, to obtain the estimate for \$0-250 group. When no trend was evident between the next higher income classes, we arbitrarily borrowed the figure in the adjoining income group. When we could discern no trend at all, we used the average of all income levels, but only to estimate the percentage of families having an increase or a decrease in debt and not to estimate the average amount of the increase or decrease. For the latter estimates the procedure most frequently employed was to borrow the average of the next higher income level or else to apply to the \$250-500 income group the percentage change between the averages for that group and for the \$500-750 group. It was rarely necessary to make the estimate on the basis of the trend in another type of community or color-nativity group. A similar procedure was followed in obtaining estimates where data were lacking for the higher-income groups.

⁷ The percentage is higher for instalment debt because estimates were made separately for independent business and professional families with incomes between \$500 and \$1000.

The final results thus obtained for the \$0-250 income class, and to a lesser extent, for the \$250-500 and the \$5000-and-over groups are only approximate, but they are sufficiently accurate to warrant their use, in view of the relative insignificance of the groups for which these estimates were made. Nevertheless the two lowest income groups have been combined in all tables to represent the under-\$500 income group. In this way we have avoided separate presentation of a somewhat inaccurate estimate for the under-\$250 class. Tables which show the percentage distribution of families having a net change, increase or decrease in instalment, cash loan or charge account debt, as well as those which indicate the distribution of the gross increase, gross decrease and net increase in each type of debt among income levels, regions, types of community and types of commodity, are affected to a very minor degree by the quality of these particular estimates.

One other qualification of the data should be mentioned. When the expenditure schedule was filled out the family was asked only if there had been either a net increase or a net decrease in instalment, cash loan or charge account debt as between the beginning and the end of the schedule year. Thus the data which represent the percentage of families having a net change in debt, or what has been called the "percentage of families indebted" do not include families which during the course of the year contracted an additional amount of debt exactly equal to the amount of such debt paid off. This limitation does not present a very serious drawback, however, especially since families reported even very small increases or decreases in debt.

The nature of the data made impossible the inclusion of families which had contracted and fully paid off instalment, cash loan or charge account debt within the period covered by this study. Thus the instalment debt estimates undoubtedly fall short of the number of families actually indebted for instalment purchases during the year 1935-36 since they do not take into account all of the instalment debt of relatively short duration. It is probably true, nevertheless, that the frequency of instalment debt has not been underestimated to any appreciable extent, for this type of credit is usually applied to commodities sold on fairly long terms. Probably the extent to which the frequency of cash loan debt

has been underestimated is even less marked than in the case of instalment debt, since cash loan contracts are almost always of long duration. The use of the charge account data is, however, subject to greater qualification, since such credit is frequently extended only for short terms. It is quite likely that families using charge account credit as a personal convenience rather than as a credit device, and paying their bills in full every week or month, have not been included in the estimates of frequency of charge account debt presented in this study, and for this reason these estimates certainly underrepresent the extent of use of such credit. On the other hand, a much more adequate representation has been made here of families which used charge accounts as a real credit device, and whose indebtedness was therefore of longer duration.

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Studies in Consumer Instalment Financing

These studies are part of a broad program of research in finance inaugurated by the National Bureau of Economic Research in 1938 under grants from the Association of Reserve City Bankers and the Rockefeller Foundation. They have been prepared with the cooperation of public agencies, private enterprises and university specialists.

The Pattern of Consumer Debt, 1935-36, the sixth volume in the series, was undertaken as a special statistical study. A companion study, the seventh in the series, is now published under the title *The Volume of Consumer Instalment Credit, 1929-38*. Other studies prepared under this project include five institutional surveys. The first, *Personal Finance Companies and Their Credit Practices*, was published in January, 1940; the second, *Sales Finance Companies and Their Credit Practices*, appeared in July, 1940; the third, *Commercial Banks and Consumer Instalment Credit*, was published in June, 1940. Two others, dealing with industrial banking companies and government agencies in the field of instalment finance, are to be published in September, 1940.

The following additional studies are in preparation: a comparative analysis of the operating experience of instalment financing agencies in 1929-33 and 1936, a study of the relation between consumer instalment financing and economic fluctuations, an investigation of risk factors in instalment financing, and a summary of findings.