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MAY 3 1977

# Consumer Credit Spirals Upward

**C**REDIT has become a great convenience to Americans, and sometimes it turns out to be a considerable inconvenience as well.

Cash customers often find it so as they impatiently wait in checkout lines while cashiers fill out credit card forms. Customers may find credit inconvenient when a pile of bills brings the realization that they have overspent. Computer foul-ups can become major difficulties, and the task of straightening out a computer tangle may be worse.

In fact, consumer credit, like the national debt, continues to pile up, with little concern evident as to what credit costs or when obligations will be paid in full.

Rates commonly charged on unpaid balances are 1.5 per cent per month, or 18 per cent per annum, but these are not the upper limits. Newspaper advertisements have offered cash for rent at rates of 24 per cent and above.

Since cash customers usually pay the same prices as credit custom-

ers, it might appear that they are penalized. Perhaps they are, but an advantage they have is that they may spend or save amounts others lay out for carrying charges.

Consumer credit is one thing that is growing more rapidly than inflation. At the end of World War II, a survey placed total consumer debt at \$5.7 billion. A recent estimate was \$179 billion! This does not include mortgage debts or financing of businesses.

As has happened in many instances, efforts by Congress to improve credit by legislation have resulted in additional laws to clarify earlier laws and federal regulations intended to adjust inequities resulting from oversights in the laws.

The Truth in Lending Law, passed in 1968, was enacted to show people they were paying more for credit than they realized. A side effect is litigation, since this law provides a means for consumers to sue merchants for faulty merchandise, with creditors paying plain-

tiffs' attorney fees if they lose.

Congress enacted the Equal Credit Opportunity Act in 1975, barring discrimination in granting credit on the basis of sex or marital status. Recently, the Federal Reserve Board added rules which hold that applicants over 62 years old can't be rated down on credit because of their age.

Credit cards now may be used to pay for nearly anything human beings need or want. Card holders have used them to pay fines or put up bail, as well as to pay for lawyers, doctors and hospital bills.

If consumers have been following the example of the government in borrowing money for operational expenses, we may need to look in another direction. Possibly, Washington officials have been waiting for the public to set a better example before they put a damper on credit card government finance.

Creditors and lenders aren't worried. They take an interest in unpaid balances, no matter who owes them.