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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 I and Appendix E, in which their characteristics and limitations have been defined.

RALPH A. YOUNG, *Director*
Financial Research Program

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