



decrease over the year (Table 17.41). Reductions of 9.1% in holdings of passenger car paper and 10.1% in other consumer goods paper were not sufficiently offset by the 6.3% increase in commercial vehicle balances and the 5.5% increase in other commercial finance paper balances. The lowered volume of sales financing for a second consecutive year reflected the changing portfolio of sales finance and consumer loan companies toward greater financing of commercial and industrial goods.

By December 1972, however, the marked decline in consumer goods balances (noted in 1970 and 1971) was significantly reversed. An increased volume of paper purchased in 1972 produced a 16.2% rise in the balances outstanding for consumer goods over year-end 1971. Commercial goods paper also showed a brisk upsurge in volume purchased, raising outstanding balances by 16.4% during this period. The strongest growth in 1972 occurred in the financing of "other commercial goods", which rose by 16.7% in balances outstanding. Passenger car financing, which had been declining during the preceding two years, surged to a 19.3% increase over the 1971 total.

**Consumer credit.** Although the total volume of credit extended to consumers by retail stores and selected financial institutions has grown progressively over the past 20 years, annual rates of increase have shown a tendency to decline during periods of credit restraint and weakness in buyer demand. During the 1961-69 period, the annual rate of increase in balances outstanding averaged 12.5%. In 1970, however, balances rose by only 5.1% – the smallest gain since 1957 – reflecting not only a reduced rate of credit expansion but also a statistical adjustment that resulted in the transfer of passenger cars used for commercial purposes (paper valued at \$182.3 million) into non-consumer financing. In 1971, advances in total credit balances were again restrained but had recovered somewhat to produce an 8.3% increase over 1970. (The actual rate of increase was 9.6%; the lower published figure resulted from a change in valuation in the