

4.

available for war production, and to reduce inflationary tendencies. Most of the goods sold on the instalment plan are of types which compete with war requirements, and are likely to be scarce in the near future. Secondly, a large volume of consumer credit is being built up under heavy sales pressure and based upon abnormally high earnings during war time. At the end of the war these earnings are apt to fall sharply and this would probably result in a very large number of people being unable to keep up their payments on instalment purchases. Therefore, there are apt to be widespread repossessions, losses of equity by those who have made down payments, and the throwing on the market of repossessed goods at a time when a firm market will be needed to maintain employment.

On the other hand, there are two important arguments against any severe restriction of instalment sales. In the first place it cannot and will not be enough in itself to restrict expenditure upon and production of various types of consumer goods. Direct restriction of production and control of prices will be necessary, whether or not there is any restriction of instalment sales as such. Consequently, this restriction of instalment sales is not essential in order to reduce production of non-essential goods, since this can be done by more direct control. Secondly, the severe restriction of instalment purchases is not a fair way of distributing what goods are available, since it discriminates against the relatively poor people, who cannot afford to buy for cash and who have not the credit to borrow in other ways. The Committee believed this was an important point.

Recommendations:

After considering the facts and arguments set forth above, and others in more detail, the Committee recommends that the restriction of instalment selling should not be used alone to curtail purchases and production of any type of consumers'