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Financialization and consumption: an alternative account of rising consumer debt levels in Anglo-America

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Financialization and consumption: an alternative account of rising consumer debt levels in Anglo-America

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Abstract:

A diversity of opinions exists on the cause and consequences of rising debt levels in the United States and United Kingdom. Economists and government policy makers see rising debt levels as a natural outcome of lower inflation and nominal interest rates. In fact, growing debt levels are seen as contributing to a wealth effect in these economies, as borrowing more as induced asset price appreciation contributing to new avenues of wealth creation. Conversely, some see rising debt levels as a symptom of eroding of self-control and evidence of the intensification of consumerism in Anglo-American society, as people are now considered to consume without consideration for the limits of income. Increasing indebtedness has also been associated with the deepening disciplinary power of global finance in everyday life. This article addresses previous unexplored socio-cultural variables alongside significant market transformations that, together, contributed to escalating levels of consumer debt levels in Anglo-America. In doing so, it asks: what factors contributed to rising consumer debt levels in Anglo-America since the mid-1990s? Rather than putting forward a single causal relationship, rising debt levels are analyzed as a product of the cumulative effects of economic changes and socio-cultural factors. In particular, how widespread use of asset-backed securitization (ABS) in consumer credit industry created an increase supply of credit available for lending and a dependence on a growing pool of revolving debtors. Moreover, how stagnant incomes for wage-earners created a new form demand for consumer credit. Finally, how the centrality of consumerism in Anglo-American society provided sufficient cultural justification for consumption despite lower incomes for most wage-earners.

Keywords: financialization, mass consumption, consumer debt, revolving debt, securitization

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What has changed in the past thirty years is that families used to enjoy growth in real earnings and, if they borrowed, they did so to buy a house, a car, or finance a college education with the expectation that wage levels would continue to rise… Today, they owe money for the TV, refrigerator, restaurant meals, and their children's education (Medoff and Harless 2000)(7).

A diversity of opinions exists on the cause and consequences of rising debt levels in the United States and United Kingdom (referred to here collectively as Anglo-America). Economists and government policy makers see rising debt levels as a natural outcome of lower inflation and nominal interest rates. In fact, growing debt levels are seen as contributing to a wealth effect in these economies, as borrowing more as induced asset price appreciation contributing to new avenues of wealth creation. Conversely, some see rising debt levels as a symptom of eroding of self-control and evidence of the intensification of consumerism in Anglo-American society, as people are now considered to consume without consideration for the limits of income (Manning 2000). Increasing indebtedness has also been associated with the deepening disciplinary power of global finance in everyday life (Langley 2005). Following Medoff and Harless's (2000) quote above, the attempt here is to evaluate currently unexplored variables that may have contributed to this shift in how consumption is financed, which is not explained through rational actor calculations, an intensifying desire to consume, or the power of neoliberal financial imperatives.

This article addresses previous unexplored socio-cultural variables alongside significant market transformations that, together, contributed to escalating levels of consumer debt levels in Anglo-America. In doing so, it asks: what factors contributed to rising consumer debt levels in Anglo-America since the mid-1990s? Rather than putting forward a single causal relationship, rising debt levels are analyzed as a product of the cumulative effects of economic changes and socio-cultural factors. In particular, how widespread use of asset-backed securitization (ABS) in consumer credit industry created an increase supply of credit available for lending and a dependence on a growing pool of revolving debtors. Moreover, how stagnant incomes for wage-earners created a new form demand for consumer credit. Finally, how the centrality of consumerism in Anglo-American society provided sufficient cultural justification for consumption despite lower incomes for most wage-earners.

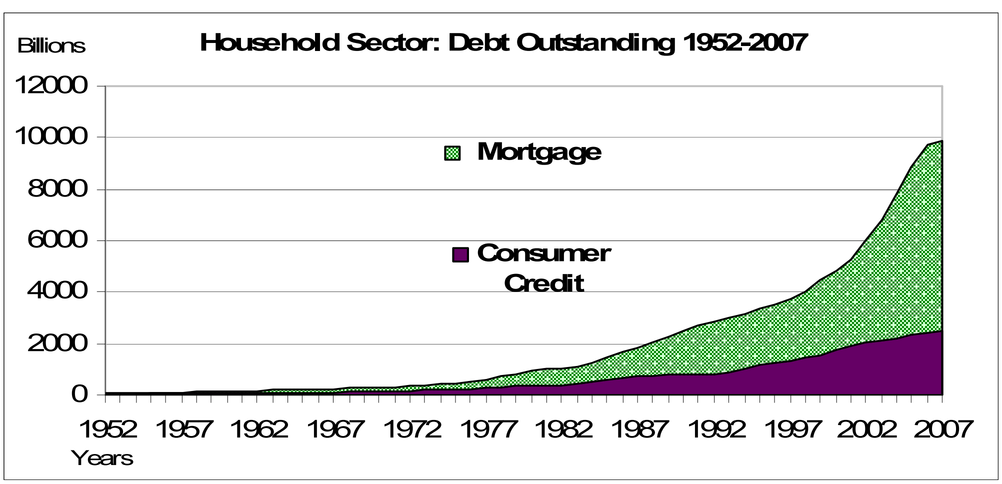
Escalating consumer indebtedness is examined as part of the current historical conjuncture of financialization. Market transformations include the effects of the extensive use of asset-backed securities (ABS) by consumer credit issuers. ABS served to augment the supply of credit available for consumer lending but also made profits and future credit contingent on a steady stream of persistent revolving debtors. In addition, widespread income stagnation for most Anglo-American wage-earners contributed to the growing demand for consumer credit. But, these market changes alone could not explain why consumer debt has become so integral to daily life. Important socio-cultural variables, such as the historical prevalence of consumerism in Anglo-American society and the political consensus that underpins it, play a role in shaping the outcomes of these recent economic transformations. As a result, financialization and debt-led consumption meet as economic conditions such as stagnant income growth coupled with the growing supply of credit available to households, served to integrate households' future income and spending habits into financial market expansion. Positioning economic changes within wider process of financialization highlights how constraints on households together with the cultural importance of mass consumption provided a social basis for growing debt levels.

A brief history of consumer debt in Anglo-America

Credit, as a social practice of exchanging obligations for a promise to pay, has an extensive history it long pre-dates circulating money and can be traced as far back as ancient Mesopotamia (Barty-King 1991). Moreover, the abandonment of strict usury laws considered essential to the emergence of the modern capitalist system (Gelpi and Julien-Labruyaère 2000). Consumer credit such as hire purchase, retail credit, and pawnbrokers have been an important sources of credit for households since the nineteenth century (MacDonald and Gastmann 2000). Especially in America, where the credit card was invented, liberal credit practices are seen as key element of its ascendance to a global economic superpower (Olney 1991; Calder 1999). This long history is by some others to dismiss claims that today's rising debt levels are either significant or problematic. Consumer credit may indeed be a good thing, especially if we consider the prominent role access to credit played in Keynesian demand management policies. For example, the Roosevelt administration 'fair-lending policies' allowed through government-backed loans facilitated widespread home ownership and durable goods consumption in the post war boom (MacDonald and Gastmann 2000). This article makes no attempt to impeach the existence of credit to explain its recent exponential growth. Instead, the aim is to positioning credit practices within broader historical political economic trends. For instance, promoting greater access to consumer credit in the post war period was counter-balanced by banking segmentation and strict regulations. Therefore, under different socio-economic circumstances, consumer credit may be used for various reasons with different results. Rising levels of credit available is at issue here, rather the mounting levels of unpaid debt owed by individuals in Anglo-America since the mid-1990s.

Debt is not a universal category. Mortgage or secured debt is tied to an underlying asset, that can appreciate or depreciate, and with interest rates often fluctuating in tandem with central bank prime rates. In contrast, consumer debt is extended for cash loans or for assets with limited recuperative value (i.e car loans), and carry higher rates of interest (from 10% to 18%) and tend not fluctuate with central bank rates. As tables one and two show, debt levels in the household sector in both the US and the UK from the mid-1990s onward have been most pronounced for mortgage rather than consumer debt. Admittedly, the disparity between mortgage debt relative to consumer debt, illustrated in table's one and two, makes consumer debt look comparatively insignificant.

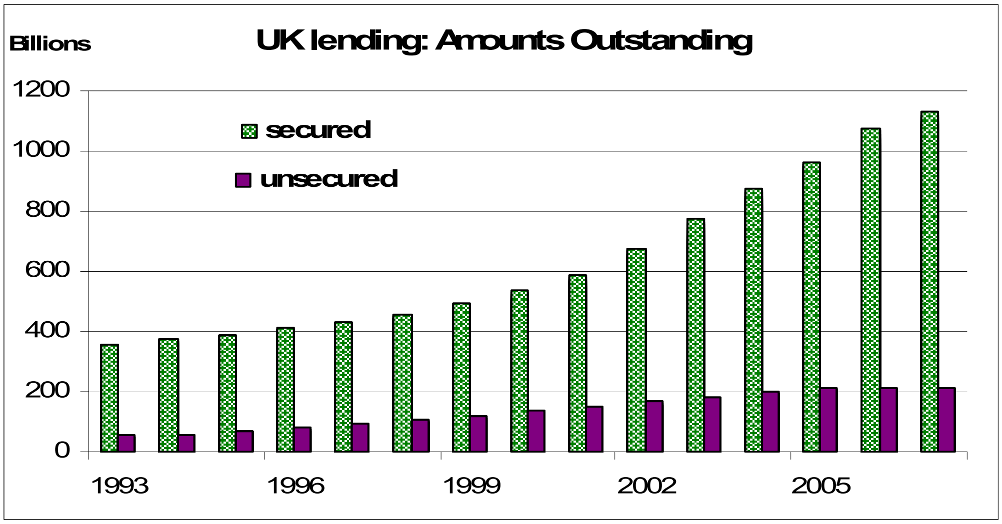
Table One: US debt outstanding in Household Sector 1952-2007



Source: D.3 Flow of Funds (Z.1) Billions of dollars; quarterly figures are seasonally adjusted, series: LA153165105, LA153166000

Table one provides a clear picture of the historical transformation of indebtedness in the US household sector. During the postwar years (approximately 1950 to 1975) outstanding debts held by the household sector was minimal, the ratio of home mortgage to consumer credit debt hovering around 2:1. The steady increase in household sector debt takes off from the mid-1990s onward. Mortgage debt experienced the most pronounced growth, reaching almost \$9.7 trillion in 2007.

Table Two: UK total amounts outstanding of net lending (secured and unsecured)



Source: Bank of England: secured lending (series LPMVTXK) adjusted to billions; unsecured lending (series LPMVZRI) adjusted to billions

Similarly in the UK, mortgage debt (measured as secured debt) grew much faster than 'unsecured' consumer debt.[1] In July 2007, secured debt outstanding reached £1.13 trillion, with secured to unsecured debt outstanding at a ratio of approximately 5:1 (see Appendix 1).

As there are different types of debt, so too are there different underlying causes for the escalation of mortgage versus consumer debt. Links between escalating mortgage debt relatively, low nominal interest rates and rapidly rising house prices in both countries, are often made but isolating the exact relationship difficult to prove at this time. Consumer debt, on the other hand, with the high interest rates and no asset appreciation to offset debt levels provides an interesting case for evaluating financialization. Table three measures credit card debt outstanding, which is the amount of unpaid debt at the end of each billing period that incurs and interest charge, as a proportion of nominal GDP, the broadest measure of economic output. This table is meant to show who credit card debt alone, while growing at a slower rate that mortgage debt, makes a significant contribution to overall economic activity.

Table Three: Consumer debt outstanding as a proportion of nominal GDP

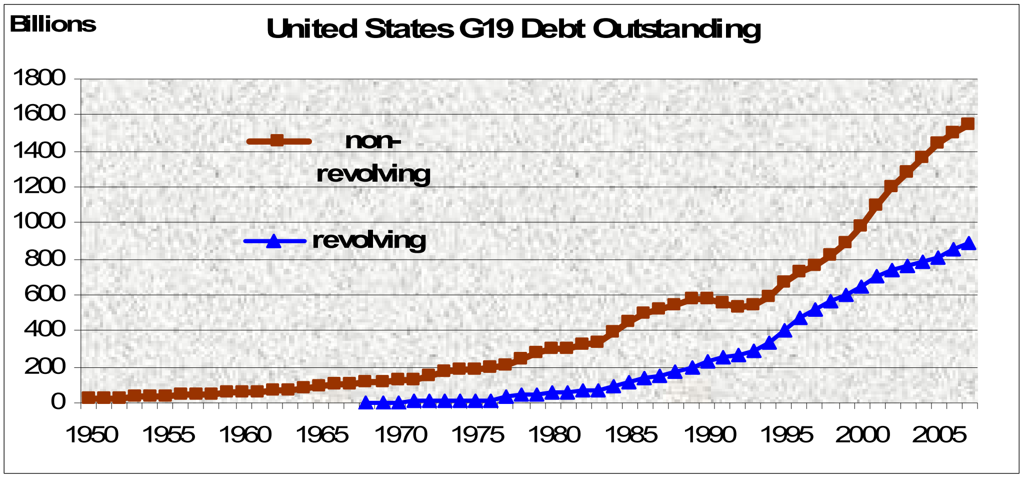
Year	United States Average % credit card debt to nominal GDP	United Kingdom Average % credit card debt to nominal GDP
1952-59	10.08%	1987-1990
1960-69	12.69%	
1970-79	13.28%	
1980-90	13.71%	5.29%
1990-99	15.01%	7.69%
2000-2006	18.74%	16.90%

Source: See Appendix 1

Compared historically, we can see that in the US consumer debt averaged from 10 to 13 percent of nominal GDP in the postwar period and jumped to almost 19 percent since 2000. The UK has experienced in even greater jump in the proportion of credit card debt to nominal GDP in a shorter period of time, from 7.69 percent in the 90s to 16.9 percent since 2000. Credit card debt in the United States was 18.35 percent of GDP in 2006 and 18.06 percent in 2006 in the UK. Considering that credit card debt is the most expensive from of borrowing, coupled with the fact it is normally used to purchase all manner of consumer goods, its steady growth is an important dynamic in present-day Anglo-American capitalism.

Using the Federal Reserves G19 measure, table four breaks down the two different types of non-mortgage debt: revolving and non-revolving.[2] Revolving credit is composed mostly of credit card loans (roughly 95 per cent); the remainders are ‘lines of credit’ extensions, which are used for checking account overdraft facilities. Non-revolving credit includes loans for automobiles, mobile homes, education, boats, trailers, or vacations, which means these loans may be secured or unsecured but are still classified as consumer debt. Non-revolving debt composes the largest part of consumer debt outstanding, reaching $1.54 trillion in 2006. Revolving debt is less in absolute terms at $889 billion in 2006, but it has grown at a similar rate with a marked incline since the mid-1990s.

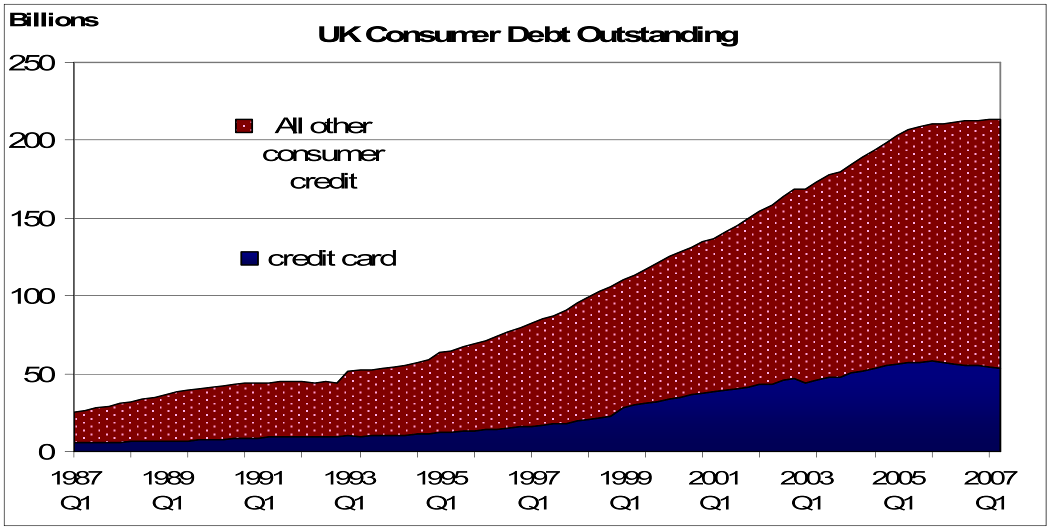
Table Four: US G.19 revolving and non-revolving debt outstanding



Source: Federal Reserve Bank of the United States: G19 revolving and non-revolving total debt outstanding

The UK data in table five breaks down unsecured lending into two categories: credit card debt and other consumer credit. Consumer credit is the amount outstanding in the household sector used to finance current expenditure on goods and services and includes only individuals (excludes ole proprietors, partnerships, unincorporated businesses and other non-profit-making institutions serving households). Other consumer credit includes all bank lending to the personal sector (other than credit cards or loans secured on dwellings) such as: overdraft, lines of credit, retail credit, and some equity withdrawal credit facilities. In 2007, total outstanding debt was £213 billion (approx $434 billion USD) of which £53.5 billion (approx $110 billion USD) was credit card debt. Similar to the US the sharpest rise in both categories is from the mid-1990s onward.

Table Five: UK unsecured lending total and credit card debt outstanding



Source: Office for National Statistics, Series: (VZRJ) total consumer credit of which is credit cards, (VZRK) total consumer credit amounts outstanding of which is other.

Importantly, and most relevant to this discussion, is the fact that these figures exclude securitized debts. The definition for both measures is: debts outstanding to financial institutions. Since securitization moves debts off the credit issuers' balance sheet as a sale of assets, outstanding debt are then owned by a myriad of shareholders. As a result, these amounts are not counted in total debt outstanding measures. Therefore, we can conclude that these figures are continuously adjusted down as a result of securitization, under reporting the actual amount of consumer debt outstanding. Unlike the US, the UK does not measure the amount securitized pools of loans making it impossible to know how much debt is securitized each year.

Rational actors, hedonists, and financialized subjects: competing interpretations of rising debt in Anglo-America

A diversity of perspectives exists on the causes and consequences of rising consumer debt levels in the United States and the United Kingdom. The mainstream account, mainly put forward by government policy makers and economists, sees individuals as rational actors responding to the changing economic conditions of the 1990s, creating a new incentive to borrow (Boone and Girouard 2002; Greenspan 2004). As lower inflation levels allowed nominal interest rates to fall, lenders developed new risk calculations to lend more and individuals took advantage of the availability of credit to borrow more. This account does not differentiate between mortgage (secured) and consumer (unsecured) debt, rather sees household debt as a single category. This precludes the important distinction between interest rates charged on these products and the differing motivation for taking this type of debt (the former to purchase an asset, the latter to purchase goods and services). As a result, policy makers and economists are able to make the sweeping claim that increased household debt is offset by rising asset prices in property and stock markets (Barnes and Young 2003; Davey 2004). The wealth effect, as it's called, claims that increased debt increases wealth as more borrowing has facilitated the subsequent rise in asset prices (Banks 2000; Guiso 2001). Growing public concern over rising debt levels is dismissed with reference to the supposed equilibrating effects of rising asset prices on overall debt levels. This narrative sees growing debt levels as a virtue, rather than a vice, for the economy (Durkin and Staten 2004). Rising debt is a product of rational acting individuals, guided by their own preferences, responding to economic stimuli, and in doing so creating wealth and economic expansion (Borio 2004; OECD 2004; Rosenberg 2004).

Critiques of this perspective challenge the market logic applied to the causes of rising debt and its perceived wealth generating capabilities. Critical sociologists interpret rising debt levels as an outcome of intensifying hyper-consumerism. Debt is seen as an means for individuals, driven by cultural importance of symbols and norms, to consume despite the limits of income (Manning 2000). In this case, the social processes that give objects their meanings are privileged over economic conditions that may alter consumption patters (Douglas and Isherwood 1996)(chapter 1). As a result, rising debt is bound up with post-war patterns of mass consumption, having undergone a profound cultural transformation from Victorian (UK) or Puritan (US) values of hard work and savings in the 19th century (Medoff and Harless 2000). Through a process of social enclosure, or dependence on commodities to define existence, almost all forms of present day social expression are routed through consumption in Anglo-American societies (Klein 1999). Post-war consumer practices progressed within a generation to create consumers unhindered in their pursuit of commodity worship (Clayton 2000). When incomes could no longer keep up with the demand, debt was used to finance desires. By locating the origins of today's debt levels in the advent of mass consumerism of the post-war period, this literature avoids any engagement with economic conditions that might have influenced indebtedness, particularly in the 1990s. This exclusion seems at odds with the central role that Keynesian/Fordist principles play in creating the economic conditions that are central to bringing about these cultural practices. There is little attempt to address how, or why, consumer practices persisted when the very political and economic conditions that created it were abandon roughly thirty years prior.

The critical International Political Economy literature addresses indebtedness as part of the social impacts of the rise of global finance in the 1990s. Consumer debt is an adjunct to a broader research on the growing power of global finance, which mainly focuses on savings through pension and mutual funds (Harmes 2001; Dumenil and Levy 2004; Langley 2004). By adapting a cultural approach this research examines how ideals usually associated with financial interests have come to dominate daily decision-making (Martin 2002). In essence showing how global financial market logics are able to reach down into the minutiae of daily life to impact social practices. The opposing logics of saving for the future by contributing to pension or mutual funds and borrowing heavily for a house, car, and consumer goods purchases is an important tension that needs further exploration. Contradictory tendencies between the individual as 'investor' and 'consumer' are explored in Langley's (2006, 2007) interpretation of the inhibited subject formation created under the impulse of neoliberal governmentality (Langley 2006; Langley 2007). Like the critical sociologists, consumer debt is considered as a means of achieving consumption so the subject can "express and communicate their freedom, aspirations, and individuality through commodity ownership and acts of consumer choice" (Langley 2007: 84). This concept of symbolic consumption depends on an unchanging reading of the relation between objects and the social processes that give them meaning. These processes are believed to be intensifying with little elaboration on how or why. The plausibility of the symbolic importance of consumer goods in Anglo-American society is not at issue in this analysis, the attempt is rather to add political and economic context to factors contributing to debt-led consumption in the 1990s.

By using the concept of financialization this article shows how political and economic factors have combined with cultural practices to bring about rising consumer debt levels. Transformations in consumer credit markets, alongside a general stagnation in income growth among wage earners, combined with the historical social importance of mass consumerism in Anglo-American society are all relevant factors in analyzing rising debt levels. It is the cumulative effect of these social practices that served to consolidate the power of global financial market expansion in everyday life. The current literature on financialization evaluates the socio-economic changes in the 1990s as culminating to form a significant historical conjuncture in the dynamics of capitalist development. At the meso-level this literature evaluates the impacts of shareholder value on labour and market practices, as well as the growing power of institutional investors to influence market outcomes. Some see the macro-level financialization as a dynamic between public policies and transformations in household savings patterns. For example, the Anglo-American governments reduction in public funding for pensions and promotion of the transition from defined-benefit to defined-contribution schemes is seen as fundamental to households abandonment traditional forms savings in favour of portfolio investments in unit trusts or mutual funds (see)(Cutler and Waine 2001; Froud, Johal et al. 2001; Langley 2004). By highlighting the importance of public policy the literature on pension reform addresses an important link between macroeconomic governance in transforming individual savings patterns.

Recent French Régulation School interpretation of financialization see trends such as shareholder value and the growing importance of institutional investors as indicators of a potentially new emerging regime of accumulation (Aglietta 1998). Financialization is positioned as one of many potential successors of Fordism, characterized as an unprecedented synchronization of mass production and consumption in postwar advanced industrialized societies (Grahl and Tangue 2000)(160-161). In contrast, financialization centers on the proposition that finance "plays the central role that used to be attributed to the wage-labour nexus under Fordism" (Boyer 2000)(112). Aglietta (1998) stipulates that new forms of competition that put profit and market value as key criteria of success may be no less dependent on a wage society (like Fordism) for its growth. In the first special issue of Economy and Society, Boyer (2000) put forward a variety of hypothetical models of finance-led growth by categorizing various forms of institutional organization based on the content of the capital-labour compromise. He claimed that firm competition for shareholder value my depress wages and employment, but in a full fledged finance-led growth regime workers could receive reciprocal gains through direct equity holdings or pension funds (118). As a result, the prospect of gains on the financial markets could directly influence decisions to save or spend. This equity based wealth generation could become integrated into wage-earners way of life as an important influence on the consumption of durable goods, house purchase and indebtedness to banks: "if they are sufficiently developed, these new behavioural elements can inject an unprecedented dynamic into consumption" (Boyer 2000: 120). In this case, the tension between investor and consumer facets of individual participation in economic activities is reconciled through the addition of new forms of financial revenue added to household incomes. If this were the case, financialization could be a viable option to succeed Fordism. But, with consumer debt levels increases there seems to be little evidence that new incomes from investment could exceed rising debt levels.

In order to contextualize the significance of rising consumer debt levels in the 1990s, this article analyzes indebtedness as part of financialization. Accepting the conclusions that socio-economic transformation in the 1990s represents an important historical conjuncture, increased indebtedness is evaluated as a product of, and an influence on, financialization as an emerging social dynamic. In the first instance, the existing research examining the impact of financialization on labour is extended to included macroeconomic data which shows growing income disparity as well as stagnant income growth for the majority of wage earners in Anglo-America from the late 1990s onward. In addition, financial innovation, a central feature of financialization, is extended to include the role that asset-backed securitization (ABS) plays in consumer credit markets. ABS lightens equity requirements on issuers' balance sheets and the recycling of loan pools through off balance sheet transactions both served to increase the supply of credit available for consumer lending. Also, ABS brought about a pronounced bias among lenders toward targeting and acquiring persistent revolving debtors because the ability to issue an ABS is predicated on the existence of a certain proportion of unpaid balances.

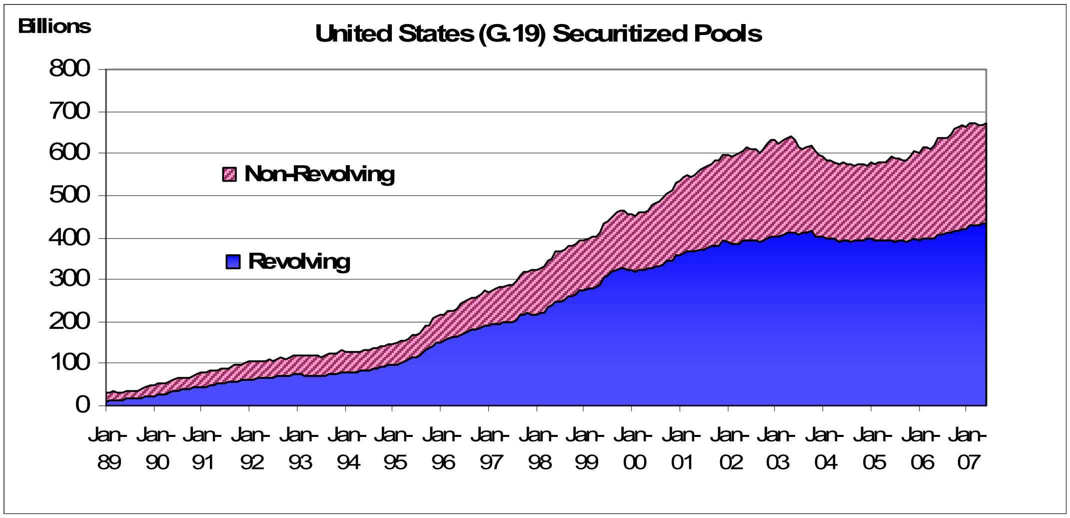
Taken together, from the point of view of the individual or household, these two factors have the cumulative effect of integrating debt into the everyday consumption practices of Anglo-American society. Yet, why consumer debt is increasingly used as a means of financing consumption in this particular historical conjuncture is cultural rather than economic. No doubt, mass consumerism is a way of life in Anglo-American society. It has become bound up in the very definition of freedom and prosperity. But, it is not static and has undergone its own transformation under the pressure of financialization in the 1990s. Drawing on new research that tracks the decline of the reference group and rise of 'defensive consumption' (where individuals increasingly claim they must purchase goods using debt in order to maintain a certain standard of living) this article links social anxieties of consumers with the advent of financialization (Schor 1998; Warren and Tyagi 2003). This cultural dynamic is central to understanding why consumers use debt to finance consumption when incomes have continued to stagnate.

Financial innovation and the effects of asset-backed securitization on consumer debt

One key factor contributing to escalating consumer debt levels in Anglo-America since the mid-1990s has been the widespread use of ABS by credit issuers. Securitization has both increased the supply of credit and transformed lending patterns to focus on already indebted individuals. ABS has made credit issuers dependent on indebtedness for its future expansion and profitability; it is also the reason why individuals with existing high debt levels are able to continually access more credit. Securitization lowers the cost of funds for credit issuers, increases profitability and allows credit to be recycled through re-capitalisation.

Creating an ABS involves bundling together thousands of small loans, specifically the anticipated interest payments owed on these outstanding loans into a Master Trust. This trust is a legal entity, called a special purchase vehicle, backed by a certificate which investors buy shares and receive interest and principal payments over a twelve-month contract (Brannen and Cummings 2005). Through this process interest-based income streams are bundled together, sold, and transferred off balance sheet as a sale of assets. By moving assets off balance sheet the loan pool can be re-capitalized. The resulting re-capitalisation recycles the credit pool, allowing new loans to be issued from the same capital stock. Profits result from the difference between the high rates of interest charged on consumer credit (from 9 percent for car loans to 19.5 percent for credit cards) and the lower rate of interest paid on securities. ABS markets exist for credit cards (called CARDs: certificates for amortising revolving debt), car loans (CARs: certificate for automobile receivables), student loans, and even telephone bills (see)(Bisky 1986; Liebowitz 1992; Dean, Mrazek et al. 1999; Gorp and Horn 2005).

Table Six: United States Securitized Pools 1989-2006



Source: Federal Reserve Bank of the United States, G19 securitized assets of revolving and non-revolving debt

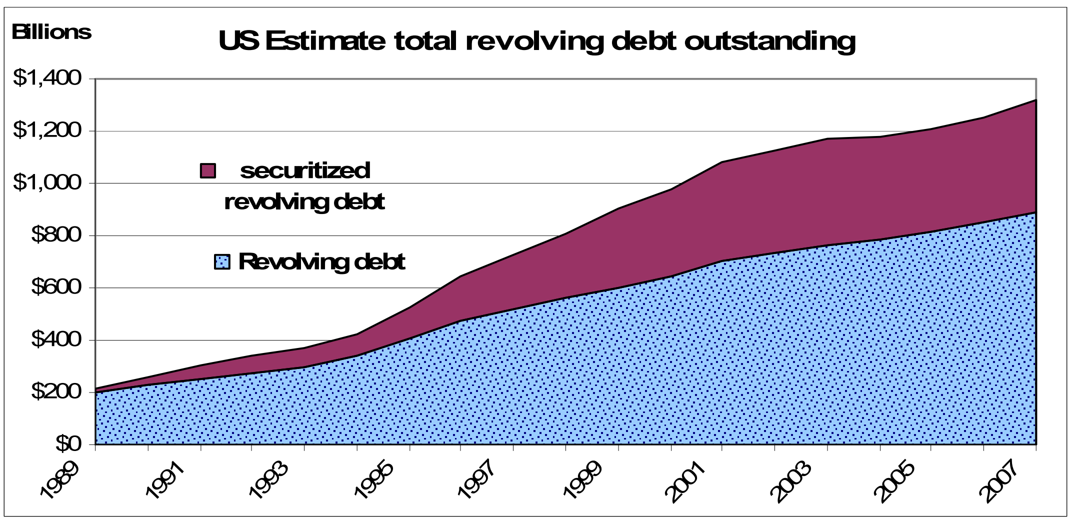
Table six shows the total pools of US securitised assets, which are loans that no longer appear on the balance sheet of the original credit issuer. Revolving pools are composed of securitised credit card receivables and non-revolving includes securitized automobile loans, as well as loans for mobile homes, education, boats, trailers, or vacations. This table illustrates the growth in consumer credit ABS since the mid-1990s, rising from $29.1 billion in 1989 to 673 billion in June, 2007. Revolving debt pools account for almost 2/3 of total securitized pools, almost twice as much as pools for non-revolving debt. Therefore, these figures represent the size of re-capitalize consumer loan pools, which can be re-issued to new borrower or extend existing credit lines.

As a result of its contractual structure, the ability to issue an ABS is predicated on the existence of a substantial number of individuals with unpaid balances in a portfolio. Without reliable amounts of unpaid balances, there can be no ABS or further re-capitalization. The short maturity of the instruments secured by consumer credit receivables (12 months) makes them attractive, but also volatile (Punch 1998). Investors want detailed information on the underlying character of borrowers in the portfolio to protect against charge-offs, or the full re-payment of the loan (Thomas 1999). As a result, ABS issues are broken down into sub-categories, called trenches. Different trenches offer different interest payments on securities. Persistent revolvers offer the highest interest rate, since they offer the greatest potential of interest payments over the twelve-month contract. Other trenches classify loans according to the risk of charge-off giving preferred re-payment status, protection against charge-offs (called overcollaterisation), and interest rate guarantees (Kavanagh, Boemio et al. 1992).

Widespread use of securitization created a bias for consumer credit issuers by making repayment of outstanding debt a limitation on the profitability of an ABS (Sanford 1990). In there efforts to secure investors for annual (or bi-annual) ABS issues, consumer credit portfolio managers are primarily focused on capturing, or creating, persistent revolving debtors (Thomas 1999). Using extensive market research which found that the more often people used their credit cards the more likely they were to overspend and not pay their full balance, consumer credit companies initiated new partnerships with large MNCs (see)(Wallendorf and Anderson 1987; Faber and O'Guinn 1988). For example, *Air Miles* product benefits card gave cardholders points for every dollar purchased. Reward schemes sought to encourage more widespread use of credit cards to increase revolving balances and augment merchant fee volumes (Pae 1992; Martin 2004).

Too often pre-approved credit mail-outs, instant on-line credit decisions, and zero percent balance transfers are explained away as a loss of prudence by banks. Alternatively, when considering the important role ABS plays in this market, the desire for a larger proportion of revolving debtors led portfolio managers to develop poaching strategies to lure existing debtors. For instance, affinity card programs and 'teaser rates' became the primary means of accessing existing revolvers to ensure future profitable ABS issues. Teaser rates are low introductory offers or zero per cent balance transfers specifically target existing revolver debtors to access regular interest payments. Affinity cards, on the other hand, are marketed to people with hobbies, charitable causes or sporting activities to "tell the world something about yourself, while adding flare to your dull wallet" (Klein 1999: 89). Numerous universities, large charitable organisations, and national unions sponsored affinity card programmes to attract revenue and compelled supporters to sign up (Worthington 1995). Justifications for these sponsorships claimed: "if people are using their credit cards anyway, why not allow cash-strapped non-profit organisations to benefit?" (Ritzer 1995)(131).

Table Seven: Estimate of total US revolving debt outstanding



Source: US Federal Reserve Series G19, revolving debt and securitized pools of revolving debt 1999-2007

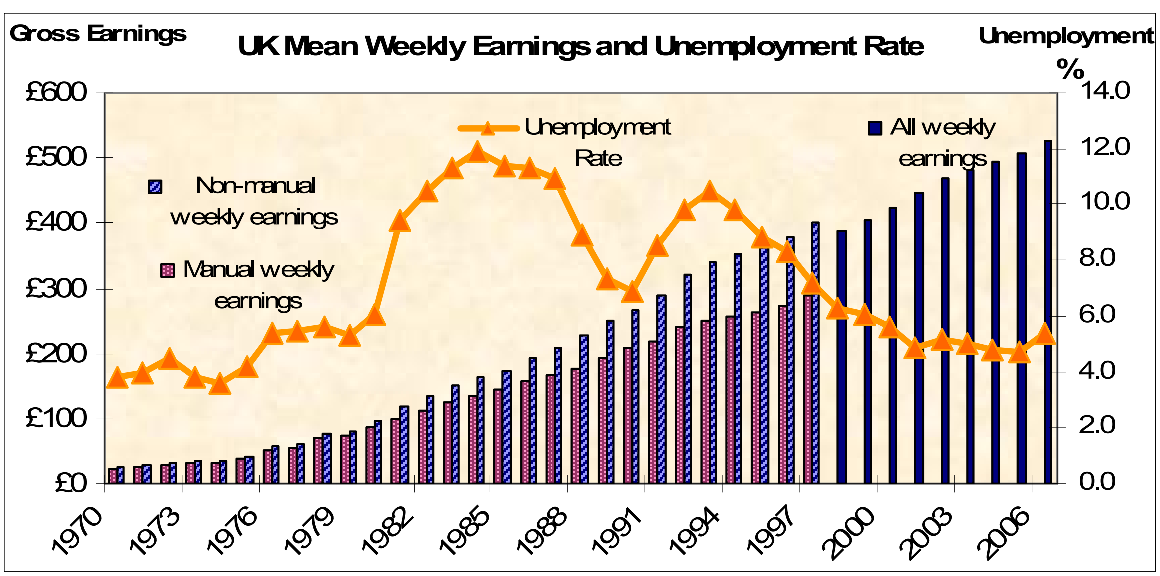
Links between securitization and current consumer indebtedness is clearer when we observe the growth in pools of outstanding loans alongside pools of securitized debts (see Table Seven above). Since by definition securitized pools are outstanding debts, adding this series to measures of revolved debt provides a more accurate estimate of total consumer debt outstanding. For the US from 1999 to 2003, adding securitized pools creates an average increase of 52 percent to total revolving debt outstanding, declining slightly to 48 percent from 2005 to 2007. This sizable increase is not usually accounted for in most statistics dealing with rising consumer debt levels. Moreover, these figures can still be considered an under-estimation of debt outstanding because securitized debts bought by foreign investors are not counted in this data series. Nevertheless, this data shows at a very basic level the tandem growth in the use of ABS by credit issuers and the parallel growth in overall revolving debt outstanding.

Declining incomes and the financing consumption in the age of financialization

Another important factor contributing to rising debt levels in Anglo-America is the parallel stagnation of incomes for the majority of wage earners from the mid-1990s onward. The historical link between wage growth and consumerism in both the US and UK makes the decline in income growth, especially when consumption levels seem unaffected, a relevant variable. Central to the profound cultural transformation in postwar Anglo-America was the wage compromise, as a principal of macroeconomic governance and microeconomic practice. Economic growth was based on the co-constitutive forces of mass production and wage-led mass consumption (Armstrong, Glyn et al. 1984). Interconnections between these micro-practice and macro-policies such as full employment, demand management, strict regulation financial markets, and support for expanding productive capacity all sought to promote economic growth and economic stability (Amable 2000; Basel 2001). These institutional features made postwar Fordism a distinct historical conjuncture in capitalist expansion.

In the 1970s, stagnating growth and high inflation initiated a process of political struggle and economic change. Throughout this period of transition escalating wage growth and full employment were singled out as key factors contributing to stagflation and lower levels of investment in the Anglo-America. A wholesale shift in economic policy came with the rise of Monetarism and neo-conservatism in the US and UK in the late 1970s. The source of declining incomes since the mid-1990s can be traced back to the multitude of policy initiatives and changes in labour market regulation initiated at this time. Rigid labour market laws, the power of unions, and rising wage expectations were blamed for high unemployment and lack of investment in Anglo-America throughout the 1970s and 80s (Prasad and Thomas 1998; Betcherman 2000; Nickell 2001). Full employment was abandon in favour of lowering inflation as the primary objective of macroeconomic governance. The aim was to increase investment, as price stability is essential for a healthy financial sector, which would then lower unemployment by creating more jobs. Implementing these policies effected wage growth through introduction of flexible labour markets (reforming employment protection legislation and reducing unemployment benefits) which had a substantial impact on unemployment rates. In addition, the indexing of wages to price levels (CPI) rather than average wage rates directly influenced income growth.

Table Eight: UK real mean weekly earnings and unemployment rate 1970-2007

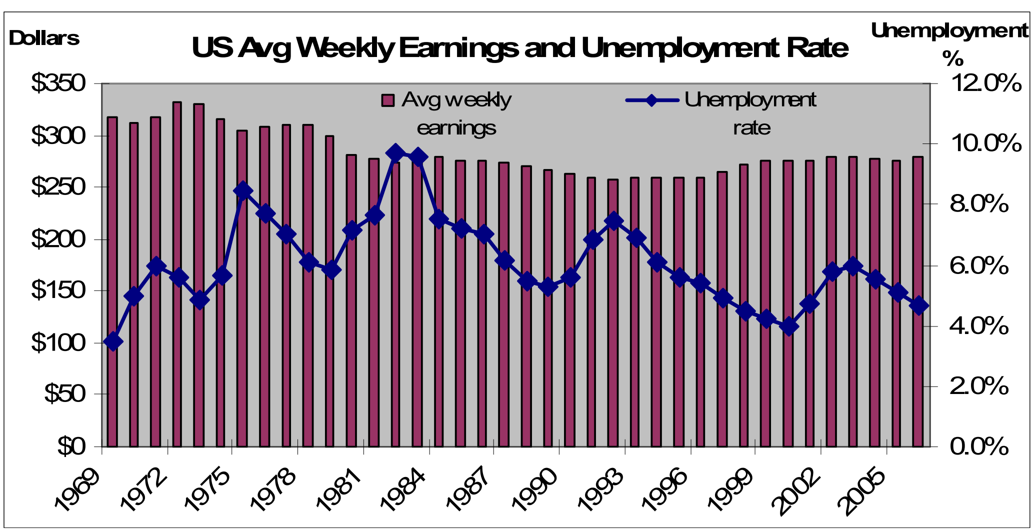


Source: New Earnings Survey, Average Mean Gross Weekly Earnings for Adult Full-Time Employees in Great Britain whose pay for the survey period was not affected by absence, adjusted for inflation using Retail Price Index (1970-2007). Unemployment rate all ages, seasonally adjusted (Office for National Statistics*)*

Data from the UK's New Earnings Survey, first introduced in 1970, provides the longest running series of weekly gross wage rates. Admittedly, there are important limitations to mean earnings data, with no weighting or more specific categories beyond manual and non-manual, these figures provide only the most basic measure of wage trends that are easily skewed by large gains by one group or substantial losses by another. When combined with the UK's unemployment rate the data provides basic support for general conclusions about the overall process of transformation since the 1970s stagflation crisis. From 1970 to 1977, during the hight of the economic slowdown, oil crisis and rising inflation wage gains for both manual and non-manual workers are marginal, but unemployment averages around 4 percent. When unemployment rates spike upward from 1978 to 1982 (5.6% in 1978 to 10% in 1982), there is a noticeable divergence between manual and non-manual wage rates. This is consistent with the arrival of Thatcher and the subsequent political movement to attack inflation by dis-empowering labour groups from realizing wage gains.

A sustain period of double digit unemployment from 1982 to 1987 (averaging 11.2% and a high of 12% in 1984), coincides with an ascent of average weekly earnings, albeit for a smaller population of workers, confirming the abandonment of full employment policies linked with rising wage rates. When unemployment rates begin to fall in 1988, after ten years of steady increases, the divergence between manual and non-manual mean wages becomes even more pronounced. This is consistent with the claim that the UK underwent a sustained period of de-industrialization and move toward a post-Fordist economy. From 1997 onward the New Earnings Survey abandons the manual/non-manual distinction and offers only an All Earnings measure, further exacerbating the skewing potential of the average wage rate. As unemployment rates fall back to 1970s rates, wage gains become smaller but do move upward. This period coincides with New Labour policies to tighten unemployment benefits and implement employment policies aimed at increasing the labour participation rate, which succeeded in lower unemployment but also slowing wage growth.

Table Nine: US Average weekly earnings and Unemployment rate 1969-2007

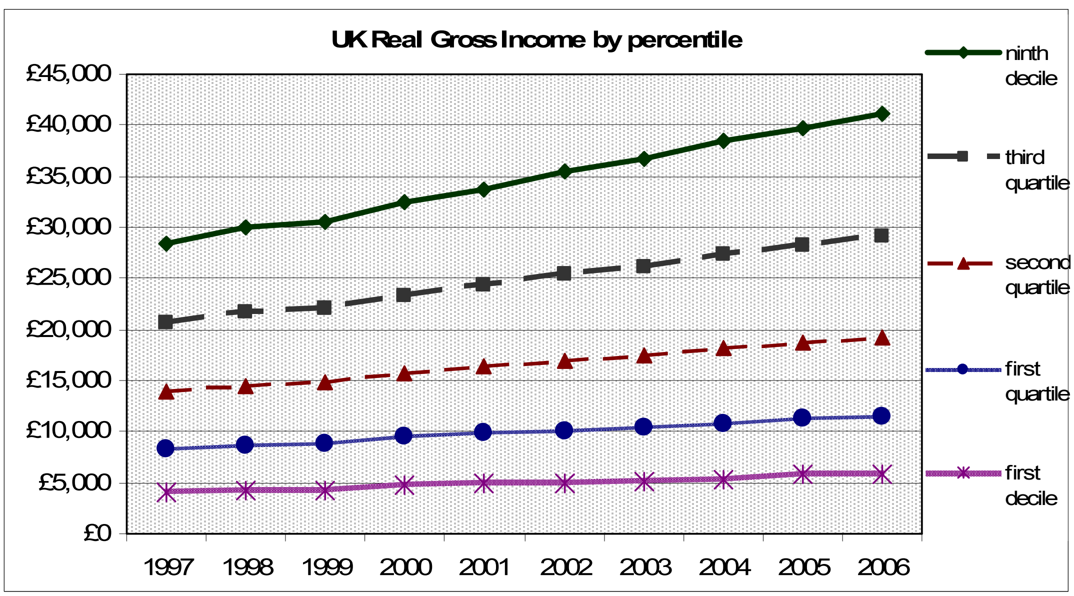


Source: US Bureau of Labor Statistics, Historical Data, Average Weekly Earnings in 1982 dollars 1969 to 2007. Unemployment Rate: national, all ages.

US wage data shows a different aggregate trend than the UK form the 1970s onward. While the UK data shows rather constant wage growth, tied much more closely to aggregate unemployment rates, the US data illustrates a persistent decline in average wage rates. Again the average weekly earnings, as an aggregate measure, with no breakdown by labour type are very sensitive to skewing from the upper and lower ends. Nevertheless, the steady trend of wage stagnation in the US shows a slow bleed of income rates for wage earners. Similar to the UK, unemployment rates in the US have only recently returned to 1970s levels, with ten years of high unemployment throughout the 1980s.

A protracted trajectory of mean aggregate wage decline in the US and slowing wage growth and persistently high unemployment in the UK provides historical context to factors influencing consumers. Since the mid-1990s growing income inequality and employment insecurity, both products of flexible labour market and strict inflation fighting priorities, are part of the conjunctural shift to financialization. The UK Survey of Incomes and Earnings provides a more detailed picture of wage growth from 1997 to 2006 by breaking down all employees by income percentile. Table ten shows what the average New Earnings survey does not, the growing divergence of earnings growth by income group. Earnings for the lower quarter of incomes have remained virtually stagnant over the past ten years, while the middle income groups have experience moderate income growth. On the other hand, the highest income quartile is enjoying much more pronounced earnings growth of nearly £1,000 a year after inflation. Even within this higher income percentile inequalities exist because its annual mean earnings are £41,081, leading to speculation that those in the top 98th percentile may be pulling up the average for the entire group.

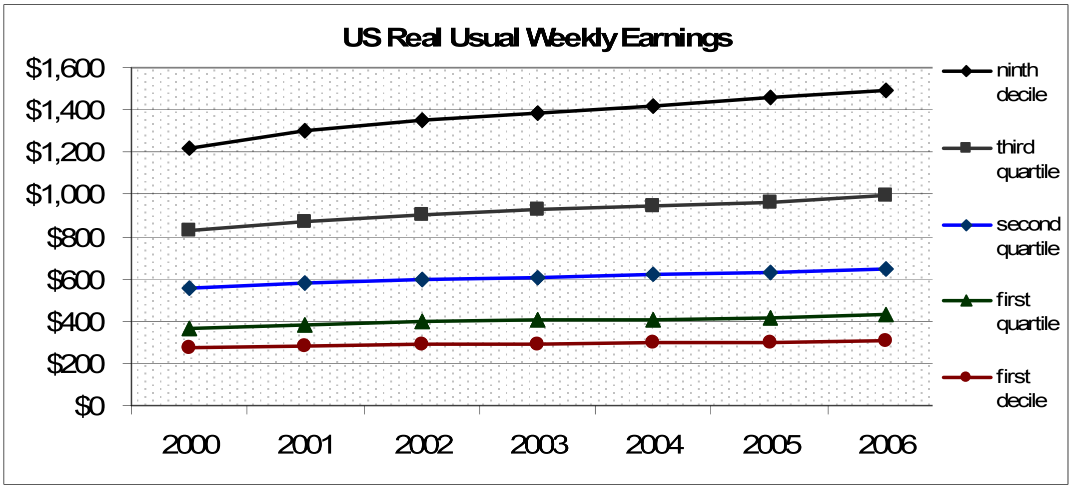
Table Ten: UK Real Gross Pay by Income percentile



Source: UK Survey of Income and Earnings, 1997 and 1998 gross weekly earnings all employees 1.1a (converted into annual), 1999-2006 table 1.7a gross annual pay all employees. Second quartile calculated as median of fourth and sixth deciles. Adjusted for inflation using the Consumer Price Index.

Despite the apparent differences between wage data from the UK and US from the 1070s onward, table eleven shows a similar net outcome of diverging wage growth by income growth since the 2000s. The bottom and middle income quartile has virtually no income growth in real terms, while the third quartile has experienced moderate growth and ninth decile experience the highest rate of real income growth. The fact that three quarters of income earners in both the UK and US have experienced only minimal wage gains in the same period that consumer debt levels have grown almost exponentially is, perhaps, no coincidence.

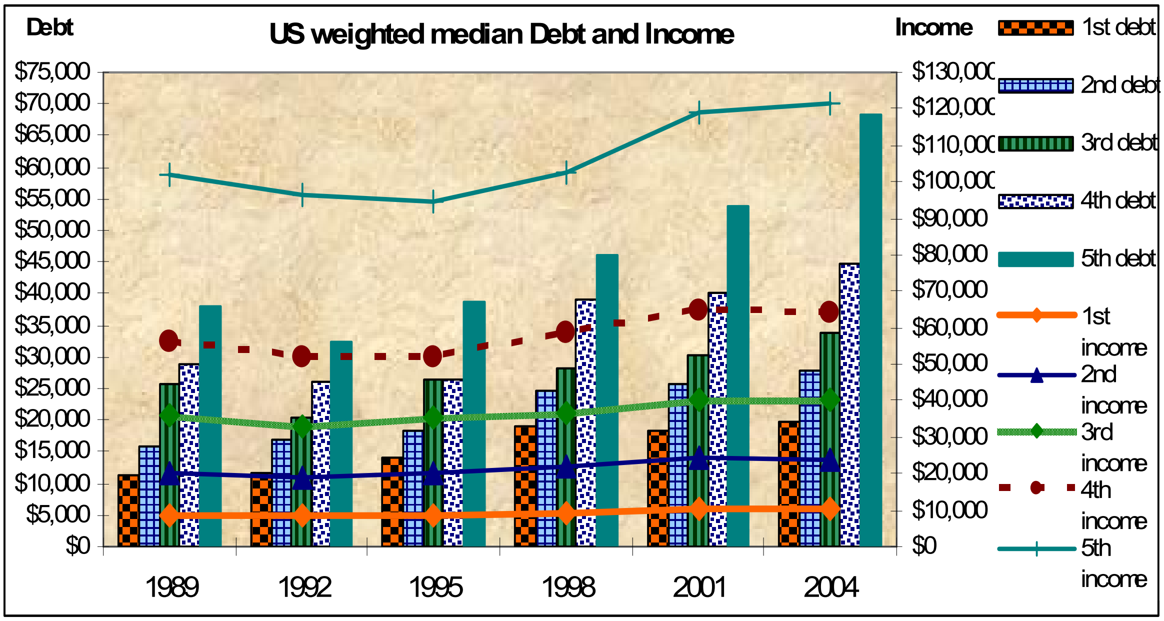
Table Eleven: US Average Real Weekly Earnings by Income group



Source: United States Bureau of Labor Statistics, National Compensation Survey 2000-2006 (series: LEU0252911200, LEU0252911300, LEU0252881500, LEU0252911400, LEU0252911500). Adjusted for inflation using the Consumer Price Index (for all urban consumers)

While debt levels in Anglo-America have been rising, income growth has been diverging, while wages are actively controlled by government attempts to maintain low inflation rates and corporation attempts to shed costs. The impact of this wage stagnation is an important, but often overlooked, variable contributing to escalating household debt levels. Rather than being a matter of direct causation, the cumulative effect of income inequality and general wage stagnation, flexible labour markets, alongside the growing availability of credit and the active targeting of indebted consumers provides sufficient conditions to promote growing debt levels. Given the Anglo-American households dependence on wages as their primary source of income, the use of debt for wages to fuel consumption seems more plausible.

Table Twelve: US Survey of Consumer Finance: Debt and Income by Quintile



Source: United States Survey of Consumer Finances (1989, 1992, 1995, 1998, 2001, 2004). Unsecured debt calculated as sum of credit card balances, education installment loans, installment credit (including other), other lines of credit, vehicle loans. Income in 2001 dollars.

Table twelve illustrates most clearly the overall stagnation of income growth compared to the escalation of unsecured debt levels. Compiled from the US survey of consumer finances, these unsecured debt levels represent a series of measures added together to represented the categories of revolving and non-revolving debt measured in the Federal Reserve G19 measure. These measures of median debt and median income shows the bottom three quintiles have debt levels above income. In 1998, the second quintile has median debt levels exceed income, while in 2004 the first quintile has almost reach parity between weighted median income and debt.

Culture, financialization and debt-led consumption

Stagnating incomes for the majority of wage earners across Anglo-America contributed to households demand for credit to fuel consumption. The advent of ABS allowed consumer credit issuers to recycle credit based on access to interest streams of revolving debtors. This contributed to ever growing amount of credit available for household to borrow for consumption. But, these two processes alone do not explain why Anglo-American households borrowed so heavily. To understand this we must turn to history and culture to situate why household debt levels grew so precipitously during the 1990s. The legacy of post-war mass consumption is relevant to understanding debt-led consumption today. Drawing on the Régulationists conceptualization of postwar Fordism where economic expansion derived from the co-constitutive forces of increased industrial productivity, with wages tied to that productivity, inextricably linked mass production to wage-based mass consumption. Not only was this a historically unique configuration of productive forces, supported by macroeconomic policy, it precipitated a seismic shift in cultural practice. The subsequent re-ordering of society put consumerism at the heart of social practice.

Abandoning these imperatives in favour of low inflation and global competitive advantage essentially devolved state expenditures into private household consumption and also created a prolonged period of income stagnation. Thus, the very conditions that promoted mass consumption and credit use in the postwar era were no longer evident under financialization. But, households continued to be guided by historical social practice. The historical importance of wages in establishing mass consumption, as a pillar of Anglo-American society, suggests that continued consumption under financialization is a product of cultural, rather than economic, stimulus. Unlike rational acting utility maximizers, Anglo-American households absorbed change and continued consuming unabated. The concomitant growth in the supply of credit effectively allowed households to us credit instead of real wage gains. Debt-led consumption acts as a social mediation mechanism, tempering the adverse effects of financialization.

The legacy of the post-war compromise remains a powerful integrating socio-political project in Anglo-America. It still influences individuals' perception of their position within society. Today, consumer credit plays an important part in allowing mass consumption to continue unhindered, despite the erosion of the conditions that initially sought to aid mass consumption in the first place.Consumerism has also changed under the impulse of financialization. New research suggests the growing pressures of consumerism are becoming unmanageable. The concept of "defensive consumption" describes a shift from reference group to a necessity-based reasoning behind consumer's choices. 'Defensive', refers to how households use debt to preserve levels of consumption established in the post-war era, rather than trying to surpass previous levels of socio-economic prosperity (Schor 1998). It is no longer a matter of 'keeping up with the Jones's', but maintaining the same levels of prosperity of the post-war generation. Extensive survey data found that in the mid-1990s, most consumers justified their consumption practices without referring to reference groups; in fact, their importance seemed to have vanished (Baker 1995; Carrier and Heyman 1997). Instead, individuals responded that all their consumer purchases were a matter of necessity.

What was considered a necessity had also shifted considerably; instead of a seeing a vehicle as a necessity, most respondents knew the make and model. Their defensive character refers to the degree to which worry seemed to justify purchases. "Parents worry that their children need computers and degrees from good colleges to avoid being left behind in the global economy. Children, concerned about being left out in the here and now, demand shoes, clothes, and video games, without the right sweatshirts and jeans they felt they would be 'ruined in school'" (Schor 1998)(19). Adults claimed they needed to buy expensive housing in appropriate catchment areas for good schools, along with tutoring and a whole variety of extra-curricular activities to ensure children would get into university (Warren and Tyagi 2003)(ch. 4). Increasingly overworked adults claimed that stress-busting weekends, microwaves, restaurant and take-away meals were needed to keep up with their daily lives, and the cost of each of these conveniences adds up. This counters claims that debt is an imprudent means of acquiring consumer goods with no regard for the limits of income. Rather, growing social anxiety, eroding wages, and decline state support (for example, public school funding) contribute to the need for households to borrow to maintain the standard of living of previous generations.

Table Thirteen: US Survey of Consumer Finances: Weighted mean debt by income group

Unsecured Debt (thousands) weighted mean	1989	1992	1995	1998	2001	2004	% change 1989-2004
Weighted Median	$25,065	$21,444	$26,804	$32,709	$34,700	$37,170	48.3%
Weighted Mean	$61,566	$48,705	$51,357	$65,287	$72,890	$102,276	66.1%
Income group (weighted mean)							
< $20,000	$20,140	$20,932	$27,773	$34,117	$39,642	$68,144	238.3%
$20,000-39,999	$26,553	$48,276	$30,529	$42,664	$47,187	$62,865	136.8%
$40,000-59,999	$44,308	$39,228	$47,791	$53,450	$48,328	$52,917	19.4%
$60,000-79,999	$50,260	$38,465	$42,072	$76,560	$70,656	$87,073	73.2%
$80,000-89,999	$54,651	$40,782	$60,682	$68,431	$78,299	$120,503	120.5%
$90,000-100,000	$172,114	$121,673	$98,771	$143,518	$243,303	$319,130	85.4%

Source: United States Survey of Consumer Finances (1989, 1992, 1995, 1998, 2001, 2004). Unsecured debt calculated as sum of credit card balances, education installment loans, installment credit (including other), other lines of credit, vehicle loans. Bulletin categories of income in 2001 dollars

Comparing the weighted median (the measure used in table 12) with weighted mean values, the top row of table thirteen show the dispersion of debt levels when the mid-point is compared to the weighted average debt level. In 1989, the difference is over two fold, but in 2004 the difference between the mid-point and the average is over three times higher. When debt levels are broken down using bulletin income groups, we can see that the lowest income group has had the most pronounced growth in mean debt levels (238% from 1989 to 2004). This confirms the success of consumer credit issuers targeting of low income (sub prime) groups for credit products. Admittedly, the highest income group has unsecured debt levels well above the highest income band in all survey years, except 1995, with an overall increase of 85% from 1989 to 2004. Moreover, all income groups have experience a steady increase of unsecured debt levels beyond the highest income level for each band. But, we can see how profoundly low-income versus middle and high income groups are effected by rising debt levels.

Therefore, links between financialization and debt-led consumption is more even more obvious outside middle-class expenditure. For instance, the targeting of university students and low-income households shows how declining state support, flexible employment and stagnant wage growth have led to increased borrowing. Both groups are targeted by consumer credit marketing because they produce large profits based on their inclination to revolve debts (Ritzer 1995; Manning 2000). University students come from predominantly wealthy backgrounds, but dwindling state subsidies, rising tuition costs, their minimal income while in school, limited employment opportunities after graduation coupled with outstanding student loans, means they are more likely to revolve debt (Kara, Kaynak et al. 1994; Levesque Ware 2002). Credit card companies claim they focus on university students because relationship marketing with the young will ensure brand loyalty (Twitchell 2004; Kim 2006). Growing evidence suggests it is their household resources, specifically their parents' and student loans' ability to prevent default, which make them suitable risks (Palmer, Pinto et al. 2001; Mincer 2005). Plus, the frequent revolving of debt makes this group extremely profitable. Escalating costs of university education and low-income jobs taken by students contributed to growing credit card use, often euphemistically called 'yuppie food stamps' (Doost 1997; Richter Quinn 2001). The influence of eroding state subsidies and support for students is overlooked in the debates surrounding credit card use among university students (Braunsberger, Lucas et al. 2004). Yet, this is the very thing that seems to have changed most substantially over time.

Low-income households are also actively targeted by consumer credit issuers. Specifically, the sub-prime borrowers (referring to poor risk status) and pensioners (Cox and Jappelli 1993; Holmes, Isham et al. 2005). Their lack of access to other forms of credit and fixed incomes ensure they revolve credit balances. These very characteristics also mean they incur high interest rates on all credit products. With limited access to other means of credit, low-income households are targeted as a captured market. Marketing high-cost credit products to these groups is often portrayed as improving financial access (Rowlingson and Kempson 1994; Punch 2004). The United States and United Kingdom have both endorsed marketing to sub-prime borrowers as a means of financial inclusion (Lyons 2003; Collard and Kempson 2005). While roll-backs in fiscal expenditure and income-support schemes provide only minimal benefits, access to credit is being considered a panacea. This growth may be couched in the language of financial inclusion, the high profitability of low-income consumers suggest it is profit motive, not economic inclusion, which drives expansion. The high cost of debt also suggests that equality will not likely be the end result of growing low-income markets.

The culmination of declining income growth, expanding credit markets and the historical social importance of consumerism in Anglo-American society all contributed to escalating household debt levels since the 1990s. These factors illustrate the unique pressures exerted on households in the era of financialization. Thus, the financialization of consumption integrated households' future income and spending habits into financial market expansion. Binding material expressions of social well-being and progress with financial market expansion preserved the political and social power of economic growth as a unifying force for progress and stability. In this sense, collective human action is expressed through habits of thought and patterns of behaviour. Prevailing ideas about consumerism do not control but shape collective interests and identity. Therefore, debt-led consumption helps households to uphold a standard of living established in the post-war era. The synthesis between new institutional forms and historical social mediation mechanisms brings about social cohesion, making household indebtedness central to macroeconomic finance-led growth.

Conclusion

This analysis has sought to show how rising consumer debt levels in Anglo-America are a significant socio-economic trend, even though mortgage debt is a more common concern because its levels are larger and grown more precipitously. This was done by tracing the stagnation of income in the 2000s, the rise of ABS in the consumer credit industry in conjunction with the historical cultural importance of consumerism in Anglo-America. Rather than claiming a causal relationship between these variables, these developments are analyzed as a cumulative effect on the everyday experience of individuals in the age of financialization.

Using descriptive national statistics, the advent of ABS and prevalence of income stagnation for most wage earners linked escalating consumer debt levels to previously unexplored political and economic trends. The widespread use of ABS significantly changed the consumer credit industry by making it more dependent on ever growing pools of already indebted consumers to re-capitalize loan pools. In the wake of the sub-prime mortgage crisis in the US, and its subsequent impact in the UK, addressing ABS in consumer credit markets is topical and requires even further detailed investigation. With income growth diverging between the top decile and the rest, this analysis showed how consumer credit links with a growing demand for credit to finance the purchase of goods and services. Data from the US survey of consumer finances showed how lower income deciles had the most pronounced link with rising consumer debt levels from 1989 to 2004. While the top income decile had only recently began to have total consumer debt levels approach median income levels. Since the only comparable data from the UK, the British Household Panel Survey, only has two series (waves 5 and 10) which address questions of household debt levels making a historical or cross-country comparison at this time is not yet possible. Nevertheless, knowing the trends in the US, the more detailed data for the UK would provide relevant and timely insights into the extent of debt exposure for UK households.

Therefore, the attempt here was to addresses previous unexplored socio-cultural variables alongside significant market transformations that, together, contributed to escalating levels of consumer debt levels in Anglo-America. The interaction between the processes of financialization and consumption include a variety of distinctive and often non-reducible developments and, therefore, follow a relational rather than causal trajectory. As such, the financialization of consumption represents the ways in which households' future income and spending habits have become intimately linked with financial market expansion.

Appendix One: Lending data for United States and United Kingdom

United States Flow of Funds D.3
Domestic nonfinancial sectors Households Home mortgage (LA153165105)
Domestic nonfinancial sectors Households Consumer credit (LA153166000)
United States Bureau of Economic Statistics: Gross Domestic Product in current dollars

Year	GDP in Current Dollars (billions)	Outstanding Mortgage LA153165105 (billions)	% of GDP	Outstanding Credit card LA1153166000	% of GDP
1952	358.3	58.4	16%	30.5	8.51%
1953	379.4	66	17%	34.6	9.12%
1954	380.4	75.3	20%	36	9.46%
1955	414.8	87.9	21%	43	10.37%
1956	437.5	98.7	23%	46.6	10.65%
1957	461.1	107.3	23%	49.2	10.67%
1958	467.2	117.1	25%	49.5	10.60%
1959	506.6	130	26%	57.2	11.29%
1960	526.4	141.3	27%	61.3	11.65%
1961	544.7	154	28%	63.4	11.64%
1962	585.6	168.3	29%	69.3	11.83%
1963	617.7	185.1	30%	77.9	12.61%
1964	663.6	202.3	30%	87.4	13.17%
1965	719.1	219.4	31%	97.5	13.56%
1966	787.8	232.7	30%	103.4	13.13%
1967	832.6	245.9	30%	108.6	13.04%
1968	910.0	262.8	29%	119.3	13.11%
1969	984.6	278.6	28%	129.2	13.12%
1970	1,038.5	285.9	28%	133.7	12.87%
1971	1,127.1	309.4	27%	149.2	13.24%
1972	1,238.3	343.5	28%	168.8	13.63%
1973	1,382.7	382.2	28%	193	13.96%
1974	1,500.0	419.3	28%	201.9	13.46%
1975	1,638.3	459	28%	207	12.64%
1976	1,825.3	517	28%	229	12.55%
1977	2,030.9	603	30%	264.9	13.04%
1978	2,294.7	708.6	31%	311.3	13.57%
1979	2,563.3	826.7	32%	354.6	13.83%
1980	2,789.5	926.5	33%	358	12.83%

1981	3,128.4	998.2	32%	377.9	12.08%
1982	3,255.0	1031.2	32%	396.7	12.19%
1983	3,536.7	1116.2	32%	444.9	12.58%
1984	3,933.2	1242.8	32%	526.6	13.39%
1985	4,220.3	1448.3	34%	610.6	14.47%
1986	4,462.8	1647	37%	666.4	14.93%
1987	4,739.5	1826.6	39%	698.6	14.74%
1988	5,103.8	2052.8	40%	745.2	14.60%
1989	5,484.4	2276	41%	809.3	14.76%
1990	5,803.1	2503.7	43%	824.4	14.21%
1991	5,995.9	2681.4	45%	815.6	13.60%
1992	6,337.7	2852.7	45%	824.8	13.01%
1993	6,657.4	3011.9	45%	886.2	13.31%
1994	7,072.2	3178.9	45%	1021	14.44%
1995	7,397.7	3332.7	45%	1168.8	15.80%
1996	7,816.9	3538.2	45%	1273.8	16.30%
1997	8,304.3	3754.3	45%	1344.9	16.20%
1998	8,747.0	4055.9	46%	1442.1	16.49%
1999	9,268.4	4432.9	48%	1556.6	16.79%
2000	9,817.0	4810.5	49%	1748.6	17.81%
2001	10,128.0	5296.4	52%	1899.6	18.76%
2002	10,469.6	5978.6	57%	2012.2	19.22%
2003	10,960.8	6837.7	62%	2116.1	19.31%
2004	11,712.5	7824.5	67%	2231.6	19.05%
2005	12,455.8	8876.3	71%	2326	18.67%
2006	13,244.6	9704.7	73%	2430.8	18.35%

United Kingdom (Office for National Statistics)					
Year/Quarter	YBHA: Gross Domestic Product at market prices: Current price: Seasonally adjusted	VZRI: Total consumer credit: Amounts outstanding: SA	% of GDP	VZRJ: Total consumer credit - of which credit cards: Amounts outstanding: SA	% of GDP
1987 Q1	100692	31692	31.47%	5254	5.22%
1987 Q2	103186	33067	32.05%	5419	5.25%
1987 Q3	107128	34480	32.19%	5522	5.15%
1987 Q4	109205	36290	33.23%	5826	5.33%
1988 Q1	112529	38046	33.81%	6043	5.37%
1988 Q2	114959	39502	34.36%	6178	5.37%
1988 Q3	118879	41464	34.88%	6347	5.34%
1988 Q4	122668	42678	34.79%	6491	5.29%
1989 Q1	125069	44392	35.49%	6540	5.23%
1989 Q2	127015	46104	36.30%	6713	5.29%
1989 Q3	130031	47708	36.69%	6881	5.29%
1989 Q4	132806	48598	36.59%	7034	5.30%
1990 Q1	135692	49936	36.80%	7484	5.52%
1990 Q2	139453	50957	36.54%	7624	5.47%
1990 Q3	141529	51948	36.70%	8064	5.70%
1990 Q4	141486	53012	37.47%	8760	6.19%
1991 Q1	144237	53043	36.77%	8653	6.00%
1991 Q2	146025	53525	36.65%	8942	6.12%
1991 Q3	147279	53823	36.54%	9249	6.28%
1991 Q4	149539	54026	36.13%	9510	6.36%
1992 Q1	151664	53938	35.56%	9572	6.31%
1992 Q2	152856	53432	34.96%	9627	6.30%
1992 Q3	152967	53465	34.95%	9785	6.40%
1992 Q4	154487	53188	34.43%	9776	6.33%
1993 Q1	157613	51615	32.75%	9868	6.26%
1993 Q2	158943	52378	32.95%	9817	6.18%
1993 Q3	161910	52886	32.66%	9916	6.12%
1993 Q4	164190	53484	32.57%	10188	6.21%
1994 Q1	166367	54262	32.62%	10342	6.22%
1994 Q2	168752	55558	32.92%	10717	6.35%
1994 Q3	171084	56930	33.28%	11057	6.46%
1994 Q4	174775	58607	33.53%	11388	6.52%
1995 Q1	176023	63369	36.00%	12087	6.87%
1995 Q2	179188	65002	36.28%	12592	7.03%
1995 Q3	181446	66964	36.91%	12716	7.01%
1995 Q4	183090	69344	37.87%	13229	7.23%
1996 Q1	186924	71363	38.18%	13783	7.37%
1996 Q2	190418	73628	38.67%	14221	7.47%
1996 Q3	193209	76892	39.80%	14936	7.73%
1996 Q4	194601	79254	40.73%	15464	7.95%
1997 Q1	197694	81944	41.45%	16155	8.17%
1997 Q2	200963	85086	42.34%	16825	8.37%
1997 Q3	204770	87063	42.52%	17356	8.48%
1997 Q4	207767	90652	43.63%	18209	8.76%

1998 Q1	210582	95433	45.32%	19330	9.18%
1998 Q2	213360	98956	46.38%	20486	9.60%
1998 Q3	217420	102533	47.16%	21453	9.87%
1998 Q4	219434	105800	48.21%	22351	10.19%
1999 Q1	221499	110237	49.77%	28333	12.79%
1999 Q2	225096	113594	50.46%	29536	13.12%
1999 Q3	228881	117405	51.30%	30643	13.39%
1999 Q4	231091	120901	52.32%	31945	13.82%
2000 Q1	234647	125111	53.32%	33364	14.22%
2000 Q2	237219	128343	54.10%	34777	14.66%
2000 Q3	239673	131266	54.77%	36197	15.10%
2000 Q4	241688	134611	55.70%	37494	15.51%
2001 Q1	246345	137047	55.63%	37928	15.40%
2001 Q2	248058	141413	57.01%	39251	15.82%
2001 Q3	249447	145128	58.18%	39929	16.01%
2001 Q4	253137	150067	59.28%	41638	16.45%
2002 Q1	257368	154399	59.99%	43301	16.82%
2002 Q2	261028	157778	60.44%	43260	16.57%
2002 Q3	264049	163924	62.08%	45887	17.38%
2002 Q4	266322	168491	63.27%	47124	17.69%
2003 Q1	270918	168464	62.18%	43681	16.12%
2003 Q2	275130	173571	63.09%	45645	16.59%
2003 Q3	280024	177526	63.40%	47556	16.98%
2003 Q4	284224	180225	63.41%	47656	16.77%
2004 Q1	286975	184627	64.34%	50285	17.52%
2004 Q2	293120	189554	64.67%	51751	17.66%
2004 Q3	295998	193973	65.53%	53113	17.94%
2004 Q4	300434	198525	66.08%	55035	18.32%
2005 Q1	301181	203288	67.50%	56493	18.76%
2005 Q2	304412	206747	67.92%	57103	18.76%
2005 Q3	306376	209253	68.30%	57391	18.73%
2005 Q4	312746	210772	67.39%	58003	18.55%
2006 Q1	315717	211110	66.87%	57028	18.06%

[1] Secured debt refers to the fact that lending is backed by an asset, while unsecured refers to money lent without the backing of an asset. The Bank of England defines sterling lending secured on dwellings (i.e. mortgages) to UK resident individuals. In addition to data collected on the value of loans secured on residential property, data include the number and value of approvals for lending secured on dwellings, which are broken down by purpose of the approvals (i.e. for house purchase, remortgaging and other purposes). The consumer credit component is broken down into credit card and 'other' lending (e.g. overdrafts and other loans/advances).

[2] The Federal Reserve G.19 release comprises information from monthly surveys and quarterly Call Reports. The monthly surveys are completed by several large commercial banks and results are extrapolated to yield industry estimates. The consumer credit numbers for each year-end (Q4) from the G.19 match those in flow of funds series LA153166000 (from table one); however, because these are seasonally adjusted levels, and the seasonal adjustment process is not the same in the two releases, there will be some difference in the estimates for Q1 through Q3.

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