



Roll up, roll up: an Oxford St store awaits the sales

## Never, Never Land

**'It's got to stop Do. It's got to stop. You've got to stop using the plastic'** Billy Corkhill in *Brookside*, Channel 4.

The opening weeks of January, when consumers queue up outside shop doors to pour into the winter sales, are the busiest weeks of the year for Britain's retailers.

This year's January sales follow a sustained surge in consumer expenditure. In 1986 consumer spending rose by an estimated 5%. The consensus among economic forecasters is that it will continue to rise, by about 4% a year, into the early 1990s.

Luxury goods are absorbing an ever-increasing proportion of this money. In almost every consumer sector luxury goods are emerging as the fastest growing products. Many of them are imported. The spectacle of an economy in which imports of consumer goods rose by 25% in the third quarter of 1986 has already prompted the Labour Party to accuse the Thatcher government of presiding over a repetition of the 'Barber Boom' which ushered in years of trade deficits and spiralling inflation in the 1970s.

What makes this ethos of conspicuous consumption so difficult to entertain is that

the official figures on soaring consumer expenditure sit so oddly with the *other* official figures - those which paint a picture of a Britain in which years of prolonged unemployment and depleted benefits have taken their toll on the disposable incomes of so high a proportion of the population.

A recent study from the Department of Employment, the 1985 *Family Expenditure Survey*, contrasts the affluence of a household where the principal wage earner is in full-time employment, which spends an average of £205 a week, with the poverty of a household where the principal wage earner is in prolonged unemployment and which spends half that.

The imbalance is equally pronounced between North and South. The average household in the South East spends £181 each week, compared with £131 for its counterpart in the North.

Given the scale of the very real poverty confronting such a huge swathe of the population, the surge in consumer spending seems, on the surface at least, to be all the more remarkable.

The growing gap between the pace of increases in earnings and inflation - currently

7.5% and 3% respectively - offers one explanation. The increased use of consumer credit offers another.

In a society in which setting foot inside a department store and brandishing a cheque book is enough to ensure 'instant credit' on a store card, it is scarcely surprising that consumer credit is booming. The 5m people owning Barclaycards in 1979 had swollen to more than 8m by the end of last year. Household debt rose from absorbing 40% of income to 65% in the same period. The amount of new credit given to consumers surged from £5.1 billion to £6.2 billion between 1984 and 1985 alone.

The growth of consumer credit has been accompanied by a corresponding increase in bad debt. It is difficult to gauge the scale of the personal bad debt problem. But the indicators are ominous.

Electricity, gas, even water disconnections have all increased in number; as have building society repossession sales for mortgage default and county court proceedings for 'money claims' or debt. It is estimated that one in 20 households are at least two months behind with their mortgage repayments. And loan sharks have joined pawnbrokers as one of the great growth industries of the Thatcherite 1980s.

Even the improbable figures of the governor of the Bank of England and the chairman of Barclays Bank have been moved to voice concern about the growth in personal debt problems. For them there is at least the commercial comfort that their loans will be relatively safe, at least for as long as the value of the liquid assets used as security for the loans - in other words house prices - continues to rise.

If house prices falter - and nothing is likelier to make that happen faster than a stream of building society repossession sales - then the consumer credit gravy train will grind to a halt. So will spending on the never-never and the apparently effortless increase in consumer expenditure. •

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