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1970 SURVEY OF CONSUMER FINANCES

BY GEORGE KATONA
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PREFACE

EACH year the Survey Research Center publishes a monograph entitled *Survey of Consumer Finances* in order to make its findings on consumer behavior available as promptly as possible. Information on the distribution of major consumer outlays and the factors responsible for their changes is published in order to enable scholars, policy makers in government and business, and all those interested in economic trends to analyze and use the data on important and often greatly fluctuating elements of the Gross National Product.

The findings resulting from two continuous activities of the Center are reported in the monographs. Annual surveys were begun in 1946 to collect data on the distribution of consumer incomes, assets, and debts, as well as on expenditures on durable goods and related major transactions. Periodic surveys for the purpose of determining changes in consumer attitudes and expectations were started a few years later and were carried out at quarterly intervals during the last ten years.

This monograph contains findings obtained in four surveys conducted in 1970. Data on consumer finances were collected in the surveys of the first and second quarters. The number of cases in these surveys was 1,261 and 1,315 families, respectively. The data obtained in the two surveys closely resembled each other and were combined to yield the information presented in the first part of the monograph. This information on the distribution of income, assets, debt, and major transactions is, therefore, based on interviews with 2,576 families.

The surveys conducted in the third and fourth quarters were devoted primarily to obtaining data on changes in consumer attitudes. In August 1970 1,350 respondents who were interviewed face-to-face earlier in the year were reinterviewed by telephone. Once personal contact has been established with respondents, telephone reinterviews are suitable for finding out about the rate of change in their attitudes. Personal interviews were conducted with a new sample of 1,402 families in October-November 1970.

The continuous programmatic studies reported in this monograph are financed primarily by private business. In addition, the Survey Research Center carries out several economic investigations on topics relevant at the time they were studied; they are not included in this monograph.

The Economic Behavior Program of the Center is directed by George Katona, in association with James N. Morgan and Burkhard Strumpel. In 1970 the Program suffered a tragic loss due to the sudden death of John B. Lansing. Lewis Mandell has directed the analysis of the financial data for the past two years. Jay Schmiedeskamp serves as co-director of the quarterly surveys of consumer sentiment.

Among those who assisted in the drafting of several chapters, Toby Clark, Richard Curtin, Susan Davis, and Judith Hybels should be named. In addition, thanks are due to several of the authors' colleagues, including Richard Barfield and Gary Hendricks, as well as Janet Keller, M. Susan Schwartz, and Kenwood Youmans for valuable advice and assistance. Alicia Szuman did much of the analysis of the quarterly surveys and Evelyn Hansmire greatly assisted in administrative matters.

The samples were drawn under the direction of Irene Hess. Interviewing was carried out under the direction of John Scott, and coding under the direction of Joan Scheffler. Tabulations and computations were performed with the able assistance of Jamal Rassoul on an IBM 360 computer located at the Institute for Social Research.

The authors are also indebted to more than two hundred interviewers, and especially to Patricia E. Shoup who served as editor of this volume and William V. Haney who is the Editor of the Institute. For the complex operation of preparing the manuscript for publication, thanks should be expressed to Nancy McAllister, Caren Cole, Virginia Eaton and Margaret Hinz.

A national advisory committee of experts in consumer finances provides substantial help on the surveys by suggesting new approaches and clarifying old procedures. In 1970 the following scholars served on this committee: Peter de Janosi, Robert Ferber, Lawrence Klein, Scott Maynes, Guy Orcutt, James Tobin, and Arnold Zellner.

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PART ONE

FINANCIAL DATA

1

THE DISTRIBUTION OF FAMILY INCOME IN 1969

Introduction

DATA on the distribution of income by size have been collected by the Survey Research Center since 1946. The Bureau of the Census began collecting similar data somewhat later, drawing on samples substantially larger than the Survey Research Center's samples and probably, therefore, more complete, especially in their treatment of low-income and one-person families. On the other hand, the Survey Research Center questionnaires are more extensive than those of the Census Bureau. In the Survey of Consumer Finances the head of every family is asked separately about the different kinds of income[1] he may have received, as well as the income of his wife and other family members, with 17 questions asked in all.

Table 1-1 compares the income distribution found by the 1970 Survey of Consumer Finances to that found by the Census Bureau survey taken in March 1970. The Survey Research Center's unit of measurement is the family[2] while the unit used by the Census Bureau is the household. The difference is that the Survey Research Center treats unrelated persons living in a common household as separate family units.

Table 1-1 is consistent with the earlier results of Sirken, Maynes and Frechtling[3] who concluded that the Census Bureau's sample included a higher

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[1] "Income" does not include capital gains.

[2] The term "family" includes all persons residing together in the same dwelling unit who are related by blood, marriage, or adoption. Families include one-person units as well as units of two or more persons.

[3] Monroe Sirken, E. S. Maynes and John Frechtling, "The Survey of Consumer Finances and the Census Quality Check," in *An Appraisal of the 1950 Census Income Data*, Princeton University Press, Princeton, 1958.

proportion of low-income families, while the sample of the Survey of Consumer Finances included a higher proportion of high-income families. One major reason for the duplication of the Census Bureau's research by the Survey Research Center is that income data are required for an analysis of data on assets, debts, and transactions not usually collected by the Census Bureau. Moreover, the Survey Research Center data on the distribution of income are available earlier than the Census Bureau data. The Survey Research Center samples dwelling units in the continental United States (not including institutions, transient hotels or military reservations). It is estimated that the 1970 Survey of Consumer Finances relates to 63.7 million families, approximately 1.9 percent more than the 1969 survey.

In this chapter as well as in the following chapters, combined data from the two surveys conducted in the first and second quarters of 1970 respectively will be presented. With respect to data on assets, debts, and transactions, the findings of the two surveys closely resemble each other. With respect to income, the second survey revealed a somewhat larger proportion of upper-income families than the first. This discrepancy may be due to the fact that at the time of the first survey most respondents had not yet completed their income tax returns and might, therefore, not have recalled some amounts of income received during the previous year. On the other hand, it is also possible that some income increases that occurred during the first quarter of 1970 influenced the recollection by some respondents of the amount of income received in 1969. Taking both considerations together, the joint use of the data from the two surveys appears justified.

Trends in Family Income

The strong upward trend in family income, characteristic of most of the 1960s, continued in 1969 with 42 percent of the families surveyed having money income before taxes of $10,000 or more, as compared to 36 percent in 1968 (Table 1-2). Mean and median family incomes increased substantially in 1969 and by proportionately greater amounts than during the previous two years. The *real* income of the average American family also increased in 1969, though to a much smaller extent than the money income.

The share of total income received by families with incomes of $10,000 or more increased from 64 percent in 1968 to 71 percent in 1969, an increase similar to the rise in the proportion of families in this income category. One out of every four families had incomes of less than $5,000 in 1969, but these received only $6 out of every $100 of aggregate money income.

Income Concentration in 1969

The effects of changes in the distribution of income on income inequality can be seen from an analysis of the share of total income received by families falling in the top and bottom income deciles. As shown in Table 1-3, the shares of total income received by each decile were fairly stable during the last decade. The mean money income within each decile rose in substantially similar proportions from 1965 to 1969, with increases ranging from 28 percent to 35 percent.

Table 1-4 indicates the lowest income constituting the limit for each decile during selected years of the last decade. The increases of these income limits from 1960 to 1969 were 60 and 48 percent for the second and third deciles, while during the same period the ninth and tenth deciles advanced by 68 and 66 percent. While the upper-income deciles apparently gained much more than the lower-income deciles from 1960 to 1968, between 1968 and 1969 the largest gains were found in the lower deciles.

In order to belong in the top decile a family had to have an income of $18,410 in 1969 as against $11,090 in 1960. The ratio of the highest to the second decile rose from 7.4 in 1960 to 8.4 in 1968, indicating some increase in income inequality, but in 1969 the ratio dropped to 7.7.

Additional information concerning the size distribution of income can be gained from using the Lorenz curve and the index of concentration, or Gini index. The Lorenz curve shows the cumulated fraction of aggregate income plotted against the cumulated proportion of families, when families are arrayed in ascending order by income. The index of concentration is the area between the curve and the diagonal that signifies complete equality. The higher the index, the larger is the concentration. In 1969 the concentration index was 0.4 for total family income before taxes, substantially the same as in previous years.

Interestingly, for heads of family the concentration index for earned income was 0.11 points higher than the index for the total income, indicating a greater concentration of earned incomes. Total income differs from earned income mainly in that transfer payments (social security, welfare payments) and capital income are included in the former. Thus the data indicate the effectiveness of transfer payments, the primary form of additional income among low-income heads of family, in helping to equalize income.

Income Change

Education remains a crucial factor in the income level of both poor and affluent families (Table 1-5). Among families with incomes of $25,000 or more, 69 percent of the family heads had at least some college training; of those families with an income of less than $3,000, 65 percent of the heads had less than 12 grades of education. In addition, educational attainment is strongly related to both past and expected income increases. Income increases realized in 1969 and increases expected during 1970 were reported more than twice as often by those with a college degree than by family heads with 8 grades or less of education (Tables 1-8 and 1-9). The tables on the distribution of 1969 income of various demographic groups included in this report replicate the form of tables in previous years' volumes of the *Survey of Consumer Finances.*

In the first wave of the Survey of Consumer Finances respondents were asked to compare their 1969 income to what they recalled their income was in 1968. The same proportion of families (55 percent) as in 1968 reported income gains in 1969 over the previous year (Table 1-7). Within various subgroups, there exist distinct differences in reported income gains: 85 percent of those in the professional and technical occupations reported gains while only 46 percent of those classified as laborers and service workers reported income gains. In addition, 74 percent of those in the 24-34 age group reported income gains, compared to 45 percent of family heads in the 55-64 age group.

Respondents were also asked to compare their 1969 income to what they expected their income to be in 1970. In February 1970 a smaller proportion of families than the year before reported that they expected a higher level of income: 44 percent as compared to 49 percent. As with past income changes, the expectation of increased income in 1970 is more frequent among the young, the well-educated, and those in the professional and technical occupations (Table 1-9).

TABLE 1-1

1969 INCOME AS REPORTED BY THE BUREAU OF THE CENSUS
AND THE SURVEY OF CONSUMER FINANCES

(Percentage distribution of households and families respectively)

1969 income	Households Current Population Reports[a]	Families 1970 Survey of Consumer Finances
Less than $1,000	3.2	1.4
$1,000-1,999	6.8	5.4
$2,000-2,999	6.2	6.9
$3,000-3,999	6.2	6.6
$4,000-4,999	5.7	5.2
$5,000-5,999	6.0	5.2
$6,000-6,999	6.4	6.4
$7,000-7,999	6.8	7.0
$8,000-9,999	12.9	13.1
$10,000-14,999	23.1	24.5
$15,000 or more	16.6	18.3
	100	100
Median income	$8,389	$8,690

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[a] Series P-60, No. 72, August 14, 1970, Sample of households, March 1970, p.1.

TABLE 1-2

DISTRIBUTION OF FAMILIES AND DISTRIBUTION OF INCOME - FIVE RECENT YEARS

(Percentage distribution of families)

	Families					Share of total income				
Income Groups	1962	1965	1967	1968	1969	1962	1965	1967	1968	1969
Less than $1,000	4	3	2	3	2	*	*	*	*	*
$1,000-1,999	9	8	9	7	5	2	1	2	1	*
$2,000-2,999	9	9	7	7	7	3	3	2	2	2
$3,000-3,999	8	8	7	7	7	4	3	3	2	2
$4,000-4,999	10	7	7	7	5	6	4	3	3	2
$5,000-5,999	12	8	7	6	5	10	6	5	4	3
$6,000-7,499	14	13	11	10	11	14	11	8	8	7
$7,500-9,999	16	17	17	17	16	20	19	17	16	13
$10,000-14,999	12	17	22	23	24	22	26	30	31	29
$15,000 or more	6	10	11	13	18	19	27	30	33	42
Total	100	100	100	100	100	100	100	100	100	100
Mean family income[a]	$6,800	$7,940	$8,620	$9,220	$10,420					
Median family income[b]	$5,825	$6,670	$7,440	$7,750	$8,690					

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*Less than 0.5 percent.

[a] Mean income is obtained by dividing aggregate money income by the number of families.

[b] Median family income for years prior to 1969 has been recalculated using an improved estimating technique and may differ slightly from previously published data in the <u>Survey of Consumer Finances</u>.

TABLE 1-3

MEAN INCOME AND SHARE OF TOTAL INCOME WITHIN EACH INCOME DECILE

(Percentage distribution of families)

	Mean income				Share of total income			
Decile	in 1960	in 1967	in 1968	in 1969	1960	1967	1968	1969
Lowest	$ 1,200	$ 1,270	$ 1,210	$ 1,620	1	1	1	1
Second	2,440	2,440	2,610	3,120	3	3	3	3
Third	3,630	3,910	4,080	4,830	5	5	4	5
Fourth	4,930	5,330	5,570	6,570	7	6	6	6
Fifth	6,110	6,700	7,090	7,990	8	8	8	8
Sixth	7,310	8,090	8,540	9,520	9	9	9	9
Seventh	8,590	9,570	10,110	11,260	11	11	11	11
Eighth	10,200	11,260	11,850	13,310	13	13	13	12
Ninth	12,710	13,670	14,270	16,220	16	16	15	16
Highest	22,320	23,950	26,740	29,790	27	28	30	29
Total	$ 7,940	$ 8,620	$ 9,220	$10,420	100	100	100	100

TABLE 1-4

LIMITS OF EACH INCOME DECILE, 1960 to 1969

(Percentage distribution of families)

	Lowest income						Ratio of	Ratio of
Decile	1960	1962	1964	1967	1968	1969	1969 to 1960	1969 to 1968
Lowest	-	-	-	-	-	-	-	-
Second	$1,500	$1,650	$1,600	$1,860	$1,930	$2,400	1.60	1.24
Third	2,640	2,800	2,850	3,175	3,290	3,900	1.48	1.19
Fourth	3,700	4,000	4,050	4,630	4,800	5,810	1.57	1.21
Fifth	4,600	5,000	5,200	6,000	6,300	7,300	1.59	1.16
Sixth	5,500	5,825	6,320	7,440	7,750	8,690	1.58	1.12
Seventh	6,275	6,800	7,500	8,800	9,290	10,400	1.66	1.12
Eighth	7,200	8,000	8,860	10,350	10,900	12,200	1.69	1.12
Ninth	8,590	9,500	10,675	12,270	13,000	14,460	1.68	1.11
Highest	11,090	12,190	13,700	15,400	16,200	18,410	1.66	1.14
Ratio of highest to second decile	7.4	7.4	8.6	8.3	8.4	7.6		
Ratio of ninth to third decile	3.25	3.39	3.75	3.86	3.95	3.71		

TABLE 1-5

TOTAL FAMILY INCOME IN 1969 BY EDUCATION, AGE AND RACE
(Percentage distribution of families)

	Education of family head								
Family income	0-5 grades	6-8 grades	9-11 grades	12 grades	12 plus noncollege training	Some college	College degree	Advanced degree	Total
Less than $3,000	15	34	16	10	3	18	4	*	100
$3,000-4,999	11	30	18	14	8	13	5	1	100
$5,000-7,499	6	25	20	19	9	13	6	2	100
$7,500-9,999	2	15	24	22	11	18	5	3	100
$10,000-14,999	3	10	17	23	16	16	10	5	100
$15,000-19,999	*	6	13	22	16	17	15	11	100
$20,000-24,999	*	5	5	22	6	23	22	17	100
$25,000 or more	*	7	7	11	6	18	18	33	100
All families	5	18	17	19	11	16	8	6	100

	Age of family head								Race of family head		
Family income	Younger than 25	25-34	35-44	45-54	55-64	65-74	75 or older	Total	White	Nonwhite	Total
Less than $3,000	19	6	6	7	16	26	20	100	78	22	100
$3,000-4,999	13	12	10	11	19	22	13	100	80	20	100
$5,000-7,499	14	16	18	18	18	13	3	100	86	14	100
$7,500-9,999	13	27	17	20	16	6	1	100	89	11	100
$10,000-14,999	6	26	25	24	14	4	1	100	91	9	100
$15,000-19,999	2	18	29	29	17	3	2	100	95	5	100
$20,000-24,999	*	15	33	32	17	1	2	100	93	7	100
$25,000 or more	1	8	25	37	19	7	3	100	97	3	100
All families	10	18	19	20	16	11	6	100	88	12	100

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*Less than 0.5 percent.

TABLE 1-6 (Sheet 1 of 4)

TOTAL FAMILY INCOME WITHIN VARIOUS GROUPS

(Percentage distribution of families)

PART A Education of family head[a]	Mean income in 1969	Total	Less than $3,000	$3,000 -4,999	$5,000 -7,499	$7,500 -9,999	$10,000 -14,999	$15,000 -24,999	$25,000 or more	Number of cases	Median
0-5 grades	$ 4,700	100	40	23	18	7	12	*	*	136	$ 3,420
6-8 grades	6,780	100	26	20	22	13	14	4	1	460	5,430
9-11 grades, some high school plus noncollege	8,900	100	13	12	18	22	24	9	2	449	8,240
12 grades, completed high school	10,610	100	7	9	16	19	30	17	2	483	9,920
Completed high school plus other noncollege	11,180	100	3	9	14	16	37	19	2	273	11,000
College, no degree	11,100	100	15	10	12	18	24	17	4	412	9,210
College, bachelor's degree	14,850	100	6	7	11	10	28	29	9	209	13,000
College, advanced or professional degree	22,450	100	1	2	6	9	23	34	25	138	17,040

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*Less than 0.5 percent.

[a] Data are omitted for 16 cases in which education of family head is not ascertained.

TABLE 1-6 (Sheet 2 of 4)

TOTAL FAMILY INCOME WITHIN VARIOUS GROUPS

(Percentage distribution of families)

PART B Occupation of family head	Mean income in 1969	Total	Less than $3,000	$3,000 -4,999	$5,000 -7,499	$7,500 -9,999	$10,000 -14,999	$15,000 -24,999	$25,000 or more	Number of cases	Median
Professional, technical	$16,250	100	*	3	7	13	31	34	12	303	$14,200
Managers, officials	18,590	100	1	1	9	13	30	31	15	179	13,980
Self-employed businessmen, artisans	17,030	100	6	4	11	19	27	20	13	99	11,510
Clerical, sales	10,740	100	2	7	21	25	27	16	2	287	9,250
Craftsmen, foremen	11,590	100	1	5	13	20	41	19	1	373	11,000
Operatives	9,910	100	3	7	21	25	33	10	1	360	9,050
Laborers, service workers	7,120	100	16	21	22	16	19	5	1	252	6,130
Farmers	10,050	100	13	12	18	16	26	12	3	61	9,000
Miscellaneous groups	5,490	100	43	20	15	8	9	5	*	193	3,300
Retired	5,260	100	41	27	16	6	6	3	1	469	3,490

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*Less than 0.5 percent.

TABLE 1-6 (Sheet 3 of 4)
TOTAL FAMILY INCOME WITHIN VARIOUS GROUPS
(Percentage distribution of families)

PART C Belt	Mean income in 1969	Total	Less than $3,000	$3,000 -4,999	$5,000 -7,499	$7,500 -9,999	$10,000 -14,999	$15,000 -24,999	$25,000 or more	Number of cases	Median
Central cities of 12 largest SMSAs[a]	$11,490	100	13	8	12	15	29	18	5	268	$10,000
Central cities of other SMSAs	8,830	100	15	15	19	16	23	10	2	433	7,520
Suburban areas of 12 largest SMSAs	15,650	100	5	6	10	12	29	28	10	370	12,840
Suburban areas of other SMSAs	11,200	100	8	8	16	20	26	20	2	404	9,510
Adjacent areas	9,640	100	15	12	16	18	26	9	4	556	8,400
Outlying areas	7,840	100	22	17	19	15	17	8	2	545	6,300
PART D											
Race[b]											
White	10,890	100	12	11	15	16	26	16	4	2250	9,000
Negro	6,870	100	27	18	17	14	18	5	1	279	5,600
PART E											
Age of family head											
Younger than 25	6,280	100	26	16	22	20	14	2	*	257	6,000
25-34	11,200	100	5	7	14	24	35	14	1	471	9,920
35-44	13,110	100	4	6	15	15	32	23	5	488	11,210
45-54	12,930	100	5	7	14	16	30	21	7	514	11,250
55-64	10,250	100	13	14	17	16	21	15	4	426	8,300
65-74	6,720	100	33	25	19	8	9	3	3	276	4,100
75 or older	4,820	100	50	27	10	3	4	4	2	144	3,010

*Less than 0.5 percent.

[a] A Standard Metropolitan Statistical Area is a county or group of contiguous counties (except in New England) which contained at least one city of 50,000 inhabitants or more in 1960. In addition to the county or counties containing such a city or cities, contiguous counties are included if according to certain criteria they are essentially metropolitan in character and sufficiently integrated with the central city. In New England standard metropolitan areas have been defined on a town rather than on a county basis.

[b] Data excludes Oriental, Puerto Rican, Mexican, Cuban, and "other" categories.

TABLE 1-6 (Sheet 4 of 4)

TOTAL FAMILY INCOME WITHIN VARIOUS GROUPS

(Percentage distribution of families)

PART F

Life cycle stage of family head	Mean income in 1969	Total	Less than $3,000	$3,000 -4,999	$5,000 -7,499	$7,500 -9,999	$10,000 -14,999	$15,000 -24,999	$25,000 or more	Number of cases	Median
Younger than age 45											
Unmarried, no children	$ 6,100	100	29	19	19	16	11	5	1	183	$ 5,400
Married, no children	10,240	100	5	6	15	18	34	15	7	169	10,510
Married, youngest child under age 6	12,240	100	2	6	15	24	36	11	6	496	10,020
Married, youngest child age 6 or older	13,920	100	1	2	11	17	37	17	15	261	12,800
Age 45 or older											
Married, has children	13,170	100	3	8	10	16	33	16	14	324	11,480
Married, no children, head in labor force	14,270	100	2	5	15	15	29	18	16	380	12,000
Married, no children, head retired	6,780	100	24	27	23	9	11	3	3	246	4,750
Unmarried, no children, head in labor force	7,230	100	20	19	21	20	14	4	2	150	6,190
Unmarried, no children, head retired	3,510	100	59	26	7	4	2	2	*	197	2,400
Any age											
Unmarried, has children	5,860	100	26	20	27	15	8	3	1	170	5,070
All families	10,420	100	14	12	16	16	24	14	4	2576	8,690

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*Less than 0.5 percent.

Notes: The term no children means no children under age 18 living at home. Unemployed people and housewives age 55 or older are considered retired. Unemployed people and housewives under age 55 are considered to be in the labor force.

TABLE 1-7

INCOME CHANGES IN RECENT YEARS

(Percentage distribution of families)

	Income change reported against the previous year					
Family income	1964 vs. 1963	1965 vs. 1964	1966 vs. 1965	1967 vs. 1966	1968 vs. 1967	1969 vs. 1968
Went up:						
A lot	15	16	14	14	17	55
A little	32	39	34	35	37	
Stayed about the same	36	29	36	34	31	29
Went down	17	16	16	17	15	16
Total	100	100	100	100	100	100

	Expected income change for the current year compared to the past year				
Family income	1966 vs. 1965	1967 vs. 1966	1968 vs. 1967	1969 vs. 1968	1970 vs. 1969
Will go up:					
A lot	43	10	10	11	44
A little		31	40	37	
Will stay about the same	49	50	40	43	44
Will be lower	8	9	10	9	12
Total	100	100	100	100	100

The questions asked were: "Was your total family income higher in 1969 than it was the year before that (1968), or lower, or what?" "How do you think your total family income for this year, 1970, will compare with the past year, 1969 - will it be higher, about the same, or lower?"

TABLE 1-8

INCOME CHANGE FROM 1968 TO 1969

(Percentage distribution of families)

	Direction of income change			
	Up	Same	Lower	Total
All families	55	29	16	100
Age of family head				
Younger than 25	68	19	13	100
25-34	74	9	17	100
35-44	62	24	14	100
45-54	62	26	12	100
55-64	45	33	22	100
65-74	20	60	20	100
75 or older	22	64	14	100
Education of family head				
0-5 grades	34	46	20	100
6-8 grades	34	51	15	100
9-11 grades	48	32	20	100
High school	58	25	17	100
High school plus other noncollege	67	16	17	100
College, no degree	69	17	14	100
College, bachelor's degree	72	16	12	100
College, advanced or professional degree	80	12	8	100
Occupation of family head[a]				
Professional, technical	85	8	7	100
Managers, officials	67	24	9	100
Self-employed businessmen, artisans	38	44	18	100
Clerical, sales	62	25	13	100
Craftsmen, foremen	68	18	14	100
Operatives	64	18	18	100
Laborers, service workers	46	38	16	100
Farmers, farm managers	45	27	28	100
Miscellaneous	53	24	23	100
Retired	19	60	21	100

---

[a] Unemployed classified according to job when working.

TABLE 1-9

EXPECTED INCOME CHANGE IN 1970

(Percentage distribution of families)

	Expected level of 1970 income compared to 1969 income			
	Higher	Same	Lower	Total
All families	44	44	12	100
Age of family head				
Younger than 25	68	20	12	100
25-34	61	28	11	100
35-44	44	41	15	100
45-54	43	48	9	100
55-64	33	50	17	100
65-74	26	62	12	100
75 or older	18	71	11	100
Education of family head				
0-5 grades	20	62	18	100
6-8 grades	28	58	14	100
9-11 plus noncollege	39	47	14	100
High school	47	42	11	100
High school plus noncollege	48	40	12	100
College, no degree	54	32	14	100
College, bachelor's degree	64	31	5	100
College, advanced degree	63	26	11	100
Occupation of family head				
Professional, technical	62	27	11	100
Managers, officials	54	39	7	100
Self-employed businessmen	36	41	23	100
Clerical, sales	52	40	8	100
Craftsmen, foremen	47	40	13	100
Operatives	47	35	18	100
Laborers, service workers	37	52	11	100
Farmers, farm managers	24	66	10	100
Miscellaneous	50	37	13	100
Retired	24	64	12	100
Family income				
Less than $3,000	38	54	8	100
$3,000-4,999	33	56	11	100
$5,000-7,499	38	50	12	100
$7,500-9,999	49	39	12	100
$10,000-14,999	49	37	14	100
$15,000-19,999	56	28	16	100
$20,000-24,999	48	38	14	100
$25,000 or more	38	47	15	100

2

INSTALLMENT DEBT

Trends in Installment Debt

SURVEY data show that slightly less than half of all American families had outstanding installment debt in the first part of 1970, a small decrease from the 51 percent of the year before. This decrease was confined to the less affluent families. Table 2-3 shows that of families earning more than $15,000 per year, a higher proportion had outstanding installment debt in 1970 than in 1969, while the opposite is true for families in lower-income brackets.

The redistribution of debt obligations resulted in a decline of median debt, while the mean debt outstanding continued to grow. Federal Reserve data indicate that total installment credit outstanding in the twelve months up to February 1970 rose by 8 percent to $97 billion. The difference between credit extensions and repayments became progressively smaller during 1969, and also in 1970.

Although the proportion of borrowers has decreased in all age groups, more than two-thirds of families in the 25-34 age group had some outstanding installment debt. The burden of debt payments on these families is shown in Table 2-4. Ten percent of families in this age group and 16 percent of families with heads younger than age 25 lay out at least one-fifth of their gross annual incomes in installment debt payments. In these younger age groups income advances are particularly frequent and income expectations are optimistic. Black families are far more likely to have some installment debt obligations than white families, although the amount of their obligations is generally smaller. Table 2-6 shows that 62 percent of black families have some installment debt outstanding, as compared to only 47 percent of white families. However, 24 percent of white families have at least $1,000 of installment debt as against 20 percent of black families.

Families whose financial position improved or deteriorated use installment debt more frequently than those who experienced no financial change (Table 2-7). Similar findings were made in earlier years.

In July 1969, the Truth-in-Lending Law went into effect, requiring lenders to disclose the true rate of interest to prospective borrowers. The Survey of Consumer Finances shows that, in spite of the implementation of the law and its attendant publicity, the great majority of consumers are unaware of the true cost of installment credit. When asked the rate of interest that they would have to pay on a one-year installment loan of $1,000, only 34 percent of all respondents estimated it to be at least as high as 10 percent. Respondents who were college educated did somewhat better than average with 46 percent estimating the rate to be 10 percent or higher.

Credit Cards

American families are split evenly on the use of credit cards. Fifty percent of all families report the use of at least one credit card (Table 2-9). Credit card use is closely related to income, with 78 percent of families in the $15,000 or more income bracket using a credit card (Table 2-10).

Bank credit cards have become increasingly popular in recent years. Some 16 percent of all families use at least one bank credit card. The use of this type of credit card is highly dependent on income: only 2 percent of families with incomes below $3,000 use a bank credit card, while 33 percent of high-income families ($15,000 or more) use this type of card.

TABLE 2-1

TRENDS IN INSTALLMENT DEBT - 1966 to 1970

(Percentage distribution of families)

	1966	1967	1968	1969	1970
Amount of installment debt outstanding					
None	51	52	52	49	51
$1-199	8	9	8	7	8
$200-499	9	8	7	8	8
$500-999	10	9	10	10	9
$1,000-1,999	12	12	12	13	11
$2,000 or more	10	10	11	13	13
Total	100	100	100	100	100
Median debt[a]	$850	$880	$960	$1020	$940

---

[a] Interpolated median for those with debt.

TABLE 2-2

DISTRIBUTION OF INCOME AMONG THOSE WITH INSTALLMENT DEBT AND THOSE WITHOUT INSTALLMENT DEBT

(Percentage distribution of families)

	All families					Have installment debt					Have no installment debt				
Annual family income	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970
Less than $3,000	19	19	18	17	14	9	10	7	7	5	29	28	29	28	22
$3,000-4,999	16	15	14	14	12	14	13	12	10	7	17	17	16	17	16
$5,000-7,499	21	20	18	16	16	26	23	21	19	17	17	18	15	13	15
$7,500-9,999	17	18	17	17	16	21	23	22	21	20	14	13	12	12	12
$10,000-14,999	17	19	22	23	24	21	23	27	31	33	13	15	17	16	17
$15,000 or more	10	9	11	13	18	9	8	11	12	18	10	9	11	14	18
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Median income[a]	$6,670	6,920	7,440	7,750	8,690	$7,560	7,890	8,630	9,170	10,000	$5,520	5,660	5,830	5,960	7,010

---

[a] Median family income for years prior to 1969 has been recalculated using an improved estimating technique and may differ slightly from previously published SCF data.

Note: All data are for early in the specified year.

TABLE 2-3 (Sheet 1 of 2)

AMOUNT OF INSTALLMENT DEBT OUTSTANDING

(Percentage distribution of families)

	Amount of installment debt							
	Early 1970						Early 1969	
	Have debt	$1-199	$200 -499	$500 -999	$1,000 -1,999	$2,000 or more	Have debt	$2,000 or more
All families	49	8	8	9	11	13	51	13
Annual family income								
Less than $3,000	19	10	5	1	2	1	22	1
$3,000-4,999	31	9	7	5	5	5	37	5
$5,000-7,499	52	10	10	12	11	9	60	10
$7,500-9,999	61	9	9	13	15	15	65	18
$10,000-14,999	65	9	10	10	17	19	67	24
$15,000 or more	49	4	6	8	11	20	48	18
Age of family head								
Younger than 25	59	5	10	10	13	21	65	17
25-34	67	9	10	11	15	22	73	20
35-44	63	10	12	14	14	13	66	21
45-54	56	11	8	10	13	14	57	16
55-64	36	7	7	7	8	7	39	7
65-74	14	8	3	*	2	1	23	2
75 or older	6	3	1	1	1	*	7	*

---

*Less than 0.5 percent

TABLE 2-3 (Sheet 2 of 2)

AMOUNT OF INSTALLMENT DEBT OUTSTANDING

(Percentage distribution of families)

	Amount of installment debt							
	Early 1970						Early 1969	
Life cycle stage of family head	Have debt	$1-199	$200 -499	$500 -999	$1,000 -1,999	$2,000 or more	Have debt	$2,000 or more
Younger than age 45								
Unmarried, no children	41	4	6	8	12	11	47	5
Married, no children	63	4	6	17	19	17	69	26
Married, youngest child under age 6	71	11	13	11	15	21	76	22
Married, youngest child age 6 or older	71	11	10	13	15	22	72	24
Age 45 or older								
Married, has children	57	11	7	10	13	16	64	17
Married, no children head in labor force	43	7	6	9	11	10	41	10
Married, no children, head retired	15	6	4	*	2	3	19	3
Unmarried, no children head in labor force	29	8	9	5	5	2	33	5
Unmarried, no children, head retired	14	10	1	1	2	*	12	1
Any age								
Unmarried, has children	53	9	15	11	9	9	56	5

---

*Less than 0.5 percent

Note: The term "no children" means no children younger than age 18 living at home. Unemployed people and housewives age 55 and older are considered retired; unemployed people and housewives younger than age 55 are considered to be in the labor force.

TABLE 2-4 (Sheet 1 of 2)

RATIO OF ANNUAL INSTALLMENT DEBT PAYMENT TO PREVIOUS YEAR'S DISPOSABLE INCOME - WITHIN SPECIFIC GROUPS

(Percentage distribution of families)

	No debt	Less than 5 percent	5-9 percent	10-19 percent	20-39 percent	40 percent or more[a]	Not ascertained	Total
All families	51	12	15	14	5	1	2	100
Annual family income								
Less than $3,000	81	2	5	5	4	2	1	100
$3,000-4,999	69	5	7	9	7	2	1	100
$5,000-7,499	48	11	13	17	8	2	1	100
$7,500-9,999	39	14	16	21	8	*	2	100
$10,000-14,999	35	17	24	18	3	1	2	100
$15,000 or more	51	17	18	10	1	1	2	100
Age of family head								
Younger than 25	41	6	11	24	14	2	2	100
25-34	32	14	22	21	8	2	1	100
35-44	37	19	22	15	5	*	2	100
45-54	44	17	17	15	2	2	3	100
55-64	64	9	13	9	2	1	2	100
65-74	87	3	4	3	1	1	1	100
75 or older	94	1	2	3	*	*	*	100

---

*Less than 0.5 percent

[a] Includes families of zero or negative disposable incomes.

TABLE 2-4 (Sheet 2 of 2)

RATIO OF ANNUAL INSTALLMENT DEBT PAYMENT TO PREVIOUS YEAR'S DISPOSABLE INCOME

(Percentage distribution of families)

	No debt	Less than 5 percent	5-9 percent	10-19 percent	20-39 percent	40 percent or more[a]	Not ascertained	Total
Life cycle stage of family head								
Younger than age 45								
Unmarried, no children	59	2	8	15	12	2	1	100
Married, no children	38	8	20	21	9	2	2	100
Married, youngest child under age 6	28	19	21	21	9	1	1	100
Married, youngest child age 6 or older	29	19	26	18	5	1	2	100
Age 45 or older								
Married, has children	43	17	17	17	2	1	3	100
Married, no children, head in labor force	57	12	15	11	1	2	2	100
Married, no children, head retired	85	4	5	2	2	1	1	100
Unmarried, no children, head in labor force	71	9	9	8	3	*	*	100
Unmarried, no children, head retired	86	4	4	4	1	*	1	100
Any age								
Unmarried, has children	47	11	15	17	6	2	2	100

---

*Less than 0.5 percent

[a] Includes families with zero or negative disposable income.

TABLE 2-5 (Sheet 1 of 2)

MONTHLY INSTALLMENT DEBT PAYMENTS

(Percentage distribution of families)

	Amount of monthly debt payments							
	Early 1970							Early 1969
	None	$1-24	$25-49	$50-74	$75-99	$100 or more	Not ascertained	$100 or more
All families	5	8	8	8	8	16	1	18
Annual family income								
Less than $3,000	81	8	6	2	1	1	1	1
$3,000-4,999	69	8	10	5	3	4	1	6
$5,000-7,499	48	10	9	14	8	10	1	15
$7,500-9,999	39	9	11	11	10	18	2	24
$10,000-14,999	35	8	7	11	13	24	2	31
$15,000 or more	51	3	5	5	8	26	2	27
Age of family head								
Younger than age 25	41	5	11	10	9	22	2	20
25-34	32	9	8	11	12	27	1	26
35-44	37	9	12	9	12	19	2	27
45-54	44	10	8	10	9	16	3	21
55-64	64	7	6	9	4	8	2	11
Age 65 or older	89	5	2	1	*	2	1	4

---

*Less than 0.5 percent

TABLE 2-5 (Sheet 2 of 2)

MONTHLY INSTALLMENT DEBT PAYMENTS

(Percentage distribution of families)

	Amount of monthly debt payments							
	Early 1970							Early 1969
	None	$1-24	$25-49	$50-74	$75-99	$100 or more	Not ascertained	$100 or more
Life cycle stage of family head								
Younger than age 45								
Unmarried, no children	59	2	6	6	9	15	1	10
Married, no children	38	4	7	13	14	22	2	27
Married, youngest child under age 6	28	10	12	12	13	24	1	28
Married, youngest child age 6 or older	29	10	10	9	10	30	2	32
Age 45 or older								
Married, has children	43	10	6	10	8	20	3	21
Married, no children, head in labor force	57	6	6	9	7	13	2	19
Married, no children, head retired	85	5	3	2	1	3	1	5
Unmarried, no children, head in labor force	71	9	8	5	3	4	*	8
Unmarried, no children, head retired	86	8	2	1	1	1	1	2
Any Age								
Unmarried, has children	47	13	13	6	6	13	2	9

---

*Less than 0.5 percent

TABLE 2-6

AMOUNT OF INSTALLMENT DEBT OUTSTANDING

(Percentage distribution of families)

	Have debt	$1-199	$200 -499	$500 -999	$1,000 -1,999	$2,000 or more
Housing status and its duration						
House owner, bought 1967-70	62	8	8	12	14	20
House owner, bought before 1967	44	8	7	8	11	10
House renter, moved in 1967-70	53	8	10	11	12	12
House renter, moved in before 1967	45	14	10	7	6	8
Race						
White	47	7	7	9	11	13
Black	62	17	14	11	10	10
Credit cards						
Users	58	9	8	9	14	18
Nonusers	40	9	8	8	8	7

TABLE 2-7

AMOUNT OF INSTALLMENT DEBT OUTSTANDING BY CHANGE IN FINANCIAL SITUATION

(Percentage distribution of families)

		Financial situation compared to a year earlier								
		All families			1969 family income less than $10,000			1969 family income $10,000 or more		
Amount of installment debt outstanding	All families	Better	Same	Worse	Better	Same	Worse	Better	Same	Worse
No debt	51	43	60	49	45	68	55	40	46	38
$1-199	8	8	8	11	9	8	12	7	8	7
$200-499	8	9	7	8	10	7	8	8	7	10
$500-999	9	11	6	9	13	6	8	10	7	11
$1,000-1,999	11	13	10	9	13	7	7	14	16	12
$2,000 or more	13	16	9	14	10	4	10	21	16	22
Total	100	100	100	100	100	100	100	100	100	100
Percent of sample[a]	100	34	38	27	16	23	18	18	15	9
Number of families	2,576	858	978	691	400	597	447	458	381	244

---

[a] Excludes 49 families whose comparative financial situation was not ascertained.

TABLE 2-8

ESTIMATES OF INTEREST CHARGES
ON A CAR LOAN OF $1,000

(Percentage distribution of families)

Estimate interest rate[a]	All families	Families with car debt	Families with income of $10,000 or more	Families with college educated heads
Less than 10%	45	51	50	45
10 - 12%	20	21	24	26
More than 12%	14	14	16	21
Don't know[b]	21	14	10	8
Total	100	100	100	100
Number of families	2,576	696	1,103	347

---

[a] The question asked was: "Suppose you needed a thousand dollars for a car which you would repay in twelve monthly payments. About how much do you think the interest or carrying charges would be?"

[b] Includes respondents who could give an answer only in a dollar amount and not in percent.

TABLE 2-9

USE OF CREDIT CARDS - WITHIN SPECIFIC GROUPS

(Percentage distribution of families)

	Use credit cards[a]	Don't use credit cards
All families	50	50
Age of family head		
Younger than 25	42	58
25-34	61	39
35-44	57	43
45-54	60	40
55-64	46	54
65-74	37	63
75 or older	20	80
Life cycle stage of family head		
Younger than age 45		
Unmarried, no children	39	61
Married, no children	64	36
Married, youngest child under age 6	60	40
Married, youngest child age 6 or older	65	35
Age 45 and older		
Married, has children	58	42
Married, no children, head in labor force	58	42
Married, no children, head retired	35	65
Unmarried, no children, head in labor force	46	54
Unmarried, no children, head retired	23	77
Any age		
Unmarried, has children	27	73
Education of family head		
0-5 grades	15	85
6-8 grades	28	72
9-11 grades	40	60
12 grades	54	46
12 grades plus other noncollege training	66	34
College, no degree	60	40
College, bachelor's degree	81	19
College, advanced degree	83	17

---

[a] Credit card use includes the use of any of the following types of credit cards: gasoline cards, bank cards, general purpose cards and cards valid at specific stores.

TABLE 2-10

USE OF BANK CREDIT CARDS

(Percentage distribution of families)

	Use credit cards	Don't use credit cards	Use credit cards	
			Use bank cards	Don't use bank cards
All families	50	50	16	34
Annual family income				
Less than $3,000	17	83	2	15
$3,000-4,999	24	76	3	21
$5,000-7,499	39	61	11	28
$7,500-9,999	54	46	14	40
$10,000-14,999	67	33	22	45
$15,000 or more	78	22	33	45
Occupation				
Professional, technical	80	20	31	49
Managers, officials	72	28	30	42
Self-employed businessmen	53	47	16	37
Clerical, sales	67	33	21	46
Craftsmen, foremen	57	43	22	35
Operatives	42	58	11	31
Laborers, service workers	36	64	10	26
Farmers and farm managers	35	65	7	28
Housewives younger than 55, students, armed forces	37	63	9	28
Retired, housewives older than 55, permanently disabled	29	71	5	24

3

HOUSING

Housing Transactions

IN 1969 the proportion of nonfarm families who bought houses for their own occupancy was lower than in 1968, approximately 5 percent as compared to 6 percent in the previous year. However, purchases of house trailers showed a sharp increase in 1969.

The decrease in house purchases was a result of fewer purchases of old houses, although purchases of used homes continued to dominate purchases of new homes by a ratio of 4 to 1. A large increase in the prices of homes built, from a median of $15,000 in 1968 to $18,000 in 1969, may reflect the higher proportion of newly built homes. Purchases of homes were less frequent among the youngest and oldest families in 1969 (Table 3-2) but their frequency changed little among young married couples and families with small children.

Almost nine-tenths of purchasers incurred mortgages, an increase from 75 percent in the last few years. Interest rates were sharply higher. Nearly two-thirds of new mortgages carried an interest rate of over 7 percent and almost one-quarter a rate of 8 percent or more (Table 3-3). As recently as 1968 less than one-quarter of new mortgages had an interest rate of 7 percent or more. Cash down-payments also increased in 1969 to a median amount of $4,000.

Increased expenditures for additions and repairs to houses during 1969 also reflect the poor house buying situation (Table 3-4). The proportion of nonfarm homeowners who made such expenditures increased from 50 to 55 percent and the median amount spent increased from $300 to $380. Middle-income families ($7,500-$15,000) had the biggest increase in expenditures.

Though the 1970 survey found widespread awareness of unfavorable conditions in the housing market—only 19 percent thought that the present was a good time to buy a house–the proportion of families planning home purchases in the next year remained stable (Table 3-5). The number of families who said they might buy decreased, but the number who said they might buy the year after next increased, indicating that some families were deferring purchases.

House Values

House values and equities in homes increased from early 1969 to early 1970. Table 3-6 shows that the median home value was $17,800 and the median equity was $11,500 in 1970.

The proportion of homeowners with mortgages remained just below 60 percent while the average mortgage debt increased somewhat (Table 3-7).

Housing Status and Type of Structure

Changes in housing patterns are slow–since 1960 the proportion of families owning and renting has changed only slightly. However, a look at long-term housing trends does reveal some changes (Table 3-14). Over the last twenty years, home ownership has become increasingly common, especially in the upper-income groups. Nonwhites have increased their home ownership at a faster rate than whites, though only two-fifths of nonwhite families owned their homes in 1970 as compared to almost two-thirds of white families. Families falling in the lower 40 percent of the income distribution have not increased their rate of home ownership.

The most significant change in the types of housing owned has been the increase in house trailers. Almost 4 percent of the families sampled in early 1970 lived in trailers. Trailer dwellers are primarily young people, both single and married, and trailer ownership is common in all income groups under $7,500. Trailers, of course, can vary greatly in price, but the median value in 1970 was found to be $4,400.

The trend toward trailer ownership may be the result of recent housing market conditions and thus only a temporary phenomenon, or it may indicate a new move toward less expensive housing and may endure for a long time to come.

TABLE 3-1

TRENDS IN HOUSING TRANSACTIONS - 1959-1969

	Transaction Year						
	1959	1961	1965	1966	1967	1968	1969
Housing purchases of nonfarm families							
Percent buying new houses	2[a]	1[a]	2	1	1	1	1
Percent buying used houses	3[a]	4[a]	4	3	4	5	4
Percent buying a new or used trailer	--	--	1	*	*	*	2
Median purchase price, excluding trailers (in thousands)	$12.9[a]	$13.0[a]	$15.9	$13.5	$15.0	$15.0	$18.0
Mortgage debt incurred by house purchasers							
Percent of buyers incurring mortgages	91	89	75	76	79	76	87
Median mortgage debt incurred (in thousands)[b]	$10.7	$9.9	$13.3	$13.0	$13.1	$13.9	$14.0
Additions and repairs transactions							
Percent of all nonfarm families making additions and repairs	40	34	42	41	38	35	39
Mean amount spent[c]	$540	$490	$620	$550	$560	$560	$770

---

*Less than 0.5 percent

[a] Includes trailer purchases in 1959 and 1961

[b] Includes only those families who incurred mortgage debt.

[c] Includes only those families who made such expenditures.

TABLE 3-2

HOUSE PURCHASES IN 1968 and 1969

(Percent of nonfarm families purchasing in each group[a])

	House purchases					
	Used		New		New or used	
	1968	1969	1968	1969	1968	1969
All nonfarm families	5	4	1	1	6	5
Annual family income						
Less than $3,000	3	2	*	*	3	2
$3,000-4,999	4	*	*	*	4	1
$5,000-7,499	3	2	*	2	3	4
$7,500-9,999	6	3	1	2	7	5
$10,000-14,999	8	6	2	3	10	9
$15,000 or more	7	6	2	1	9	7
Age of family head						
Younger than 25	8	4	*	2	8	6
25-34	8	8	2	2	10	10
35-44	8	6	1	2	9	8
45-54	3	2	1	1	4	3
55-64	1	1	1	1	2	2
65 or older	3	2	1	*	4	2
Life cycle stage of family head						
Younger than age 45						
Unmarried, no children	2	1	2	1	4	2
Married, no children	12	9	*	2	12	11
Married, youngest child under age 6	10	7	1	3	11	10
Married, youngest child age 6 or older	7	4	2	4	9	8
Age 45 or older						
Married, has children	2	2	2	1	4	3
Married, no children, head in labor force	2	2	*	2	2	4
Married, no children, head retired	3	3	1	*	4	3
Unmarried, no children, head in labor force	3	*	*	*	3	*
Unmarried, no children, head retired	3	1	*	*	3	1
Any age						
Unmarried, has children	4	3	*	*	4	3

---

*Less than 0.5 percent.

[a] Trailer purchasers are excluded.

Note: The term "no children" appearing in this and other tables means no children younger than age 18 living at home. Unemployed people and housewives age 55 or older are considered retired; unemployed people and housewives younger than age 55 are considered to be in the labor force.

TABLE 3-3

MORTGAGE INTEREST RATES

(Percentage distribution of families with mortgage debt)

	Mortgage interest rate[a]					
Year moved into house	Less than 5%	5-5.9%	6-6.9%	7-7.9%	8% or more	Total
1955 or earlier	44	26	24	3	3	100
1956-1960	22	46	25	4	3	100
1961-1966	10	44	40	4	2	100
1967-1968	4	18	55	21	2	100
1969-1970	3	16	18	40	23	100

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[a] When a homeowner has two mortgages the interest for the one with the higher unpaid balance is reported. Debt on trailers is not considered a mortgage debt.

TABLE 3-4

EXPENDITURES FOR ADDITIONS AND REPAIRS ON HOUSES OWNED[a]

	Percent of nonfarm owner families making expenditures on houses			Median expenditure on owned houses[b]			Share of aggregate expenditure on owned houses		
	1967	1968	1969	1967	1968	1969	1967	1968	1969
Annual family income									
Less than $5,000	39	35	41	$200	$210	$200	11	11	6
$5,000-7,499	55	49	54	250	300	330	13	9	10
$7,500-9,999	57	54	56	300	200	300	16	13	14
$10,000-14,999	57	56	59	250	290	400	27	36	34
$15,000 or more	63	57	63	500	540	600	33	31	36
All families	53	50	55	290	300	380	100	100	100

---

[a] Trailer owners are excluded.

[b] Calculated only for those who made additions and repairs.

TABLE 3-5

HOUSE PURCHASE INTENTIONS 1968-1970[a]

(Percentage distribution of all families)

	Early 1968	Early 1969	Early 1970
Opinion on present housing market			
Good time to buy	48	39	19
Bad time to buy	30	39	61
Intention during next 12 months			
Will buy	6	6	6
Might buy	3	3	1
Intention for year after next			
Will buy	2	2	2
Might buy	5	5	7

---

[a] The questions asked were: "Generally speaking, do you think now is a good time or a bad time to buy a house?" "Do you expect to buy or build a house for your own year-round use during the next twelve months? (If 'no', how about the year after that?"

TABLE 3-6

VALUE OF HOUSES OWNED, MORTGAGE DEBT, AND NET EQUITY - 1960-1970

(Percentage distribution of owner-occupied nonfarm houses[a])

	1960	1962	1967	1968	1969	1970
House value[b]						
Less than $5,000	12	9	9	6	6	5
$5,000-7,499	9	9	8	7	8	5
$7,500-9,999	13	13	9	11	8	6
$10,000-12,499	20	19	16	15	15	12
$12,500-14,999	11	11	10	9	8	10
$15,000-19,999	20	20	22	23	20	20
$20,000-24,999	15	19	26	29	35	13
$25,000 or more						29
Total	100	100	100	100	100	100
Median (in thousands)	$11.1	$12.4	$14.6	$15.0	$15.0	$17.8
Mortgage debt						
Zero	40	37	47	42	44	42
$1-2,499	11	10	6	9	7	7
$2,500-4,999	12	10	9	9	7	7
$5,000-7,499	14	11	8	10	8	7
$7,500-9,999	9	10	9	9	8	8
$10,000-12,499	8	12	9	9	9	9
$12,500-14,999	3	4	4	4	6	7
$15,000 or more	3	6	8	8	11	13
Total	100	100	100	100	100	100
Median[c] (in thousands)	$6.4	$7.5	$8.4	$7.6	$9.0	$10.0
Net equity in house						
Less than $1,000	d	d	3	3	4	3
$1,000-4,999	d	d	21	18	19	17
$5,000-9,999	d	d	28	29	26	22
$10,000-14,999	d	d	40	41	40	21
$15,000-24,999						23
$25,000 or more	d	d	8	9	11	14
Total	d	d	100	100	100	100
Median (in thousands)	d	d	$9.6	$9.9	$10.0	$11.5

---

[a] Trailers are excluded.

[b] As valued by respondents early in the year indicated, except that houses purchased during the preceding year were valued at purchase price.

[c] For mortgaged houses only.

[d] Not available.

TABLE 3-7

VALUE OF HOUSES OWNED AND MORTGAGE DEBT[a] - 1970

	All nonfarm homeowning families	Range of family income, 1969					
		Less than $3,000	$3,000 -4,999	$5,000 -7,499	$7,500 -9,999	$10,000 -14,999	$15,000 or more
Value of house[b]							
Less than $5,000	5	19	13	6	3	2	*
$5,000-7,499	5	13	12	11	6	3	1
$7,500-9,999	6	13	16	7	7	4	1
$10,000-12,499	12	22	18	17	15	10	3
$12,500-14,999	10	11	7	15	14	10	4
$15,000-19,999	20	10	17	21	28	23	16
$20,000-24,999	13	3	7	11	13	19	12
$25,000 or more	29	9	10	12	14	29	63
Total	100	100	100	100	100	100	100
Median (in thousands)	$17.8	$10.0	$11.3	$13.7	$15.0	$19.0	$28.5
Amount of mortgage debt[b]							
None	42	86	80	50	38	27	26
$1-2,499	7	5	9	12	9	6	6
$2,500-4,999	7	3	5	10	11	8	6
$5,000-7,499	7	1	3	6	9	8	7
$7,500-9,999	8	1	1	7	7	13	7
$10,000-12,499	9	1	1	9	12	10	12
$12,500-14,999	7	2	*	3	10	11	8
$15,000 or more	13	1	1	3	4	17	28
Total	100	100	100	100	100	100	100
Median (in thousands for mortgages)	$10.0	$3.1	$2.7	$6.2	$8.1	$10.0	$12.2

---

*Less than 0.5 percent.

[a] Trailers are excluded.

[b] At time of interview, January-May 1970: House value estimated by respondents, except that houses purchased in 1969 are valued at purchase price.

Note: For early 1969 data, see Table 3-7 in _1969 Survey of Consumer Finances_.

TABLE 3-8

MORTGAGE DEBT OUTSTANDING - 1968-1970

(Percentage distribution of nonfarm homeowning families)

	Percent of nonfarm homeowning families[a]			Percent with mortgage debt			Median mortgage debt (for those with debt)[b]			Percentage shares of aggregate debt		
	1968	1969	1970	1968	1969	1970	1968	1969	1970	1968	1969	1970
Previous year's income before taxes												
Less than $5,000	24	24	18	23	20	17	$3,800	$3,000	$3,050	5	4	3
$5,000-7,499	16	13	12	51	47	50	6,000	6,500	6,210	11	8	7
$7,500-9,999	20	16	16	71	66	62	7,130	8,800	8,100	20	17	13
$10,000-14,999	26	28	29	76	76	73	8,700	10,000	10,000	35	40	37
$15,000 or more	14	19	25	72	68	74	11,470	12,000	12,200	29	31	40
All nonfarm homeowning families	100	100	100	58	56	58	7,600	9,000	10,000	100	100	100
Age of family head												
Younger than 35	17	18	16	92	90	91	9,500	11,000	12,000	31	34	29
35-44	20	20	22	82	82	87	9,000	11,000	11,000	34	35	36
45-54	23	20	23	67	63	66	6,630	8,000	9,000	22	20	24
55-64	18	18	20	41	38	33	4,250	6,780	5,000	11	8	8
65 or older	22	24	19	13	16	16	3,900	3,000	4,500	2	3	3
All nonfarm homeowning families	100	100	100	58	56	58	7,600	9,000	10,000	100	100	100

---

[a] Trailer owners are excluded.

[b] Rounded to the nearest $10.

TABLE 3-9

MONTHLY MORTGAGE PAYMENTS FOR SELECTED YEARS

(Percentage distribution of nonfarm homeowning families)

Monthly mortgage payment	1960	1962	1967	1968	1969	1970
Have no mortgage	40	37	47	44	44	42
Have mortgage	60	63	53	56	56	58
$1-24	2	2	1	1	1	1
$25-49	9	7	4	4	3	3
$50-74	21	15	12	12	11	9
$75-99	16	20	14	15	13	12
$100-124	7	12	10	11	11	12
$125-149	3	4	6	6	7	7
$150 or more	2	3	6	7	10	14
Total	100	100	100	100	100	100
Median monthly payment	$73	$90	$90	$93	$100	$107

TABLE 3-10

MONTHLY RENT PAYMENTS FOR SELECTED YEARS

(Percentage distribution of rent-paying nonfarm families)

Monthly rent payment[a]	1960	1962	1967	1968	1969	1970
$1-24	9	7	5	4	4	4
$25-49	28	26	20	15	12	10
$50-74	34	35	28	28	28	21
$75-99	18	17	24	26	25	26
$100-124	6	6	11	14	13	15
$125-149	2	4	7	7	10	12
$150 or more	3	5	5	6	8	12
Total	100	100	100	100	100	100
Median monthly rent	$59	$65	$72	$75	$75	$85

---

[a] Rents are tabulated for all nonfarm renters, excluding those who rent part of another family's dwelling (roomers and roommates for example).

TABLE 3-11

MONTHLY MORTGAGE AND RENT PAYMENTS - EARLY 1970

(Percentage distribution within income groups of nonfarm homeowning families and rent-paying families)

	Family income, 1969						
	Nonfarm homeowning families[a]						
	All	Less than $3,000	$3,000 -4,999	$5,000 -7,499	$7,500 -9,999	$10,000 -14,999	$15,000 or more
Monthly mortgage payment							
Do not have mortgage debt	42	86	80	50	38	27	26
Have mortgage	58	14	20	50	62	73	74
$1-24	1	1	2	1	*	*	*
$25-49	3	3	4	6	7	3	1
$50-74	9	6	8	16	14	10	5
$75-99	12	3	4	14	17	14	9
$100-124	12	*	2	7	13	19	14
$125-149	7	*	*	3	5	12	11
$150 or more	14	1	*	3	6	15	34
Total	100	100	100	100	100	100	100
Monthly rent payment[b]	Nonfarm rent-paying families						
$1-24	4	8	5	4	1	1	*
$25-49	10	14	14	13	8	4	*
$50-74	21	38	32	23	16	9	6
$75-99	26	19	19	32	36	26	17
$100-124	15	12	18	12	13	18	17
$125-149	12	5	9	8	14	21	21
$150 or more	12	4	3	8	12	21	39
Total	100	100	100	100	100	100	100

---

*Less than 0.5 percent.

[a] Trailer owners are excluded.

[b] Rents are tabulated for all nonfarm renters, excluding those who rent part of another family unit's dwelling (roomers, etc.) who get no rental value at all.

Note: For early 1969 data, see Table 3-11 in the <u>1969 Survey of Consumer Finances</u>.

TABLE 3-12

HOUSING STATUS OF NONFARM FAMILIES

(Percentage distribution of nonfarm families)

Housing status	1960	1963	1966	1967	1968	1969	1970
Home owner[a]	58	61	62	60	60	61	62
Trailer	b	b	3	2	2	2	4
Primary renter	36	32	30	33	34	32	30
Secondary renter[c]	2	3	2	2	1	2	2
Other[d]	4	4	3	3	3	3	2
Total	100	100	100	100	100	100	100

---

[a] Includes families that own their own apartment or are joint owners.

[b] Trailers are included in the "other" category.

[c] Secondary renters are families who rent a part of another family's dwelling unit, such as roomers and roommates.

[d] Includes families who receive housing as compensation from employment or gift.

TABLE 3-13

HOUSING STATUS - 1970

(Percentage distribution of nonfarm families)

	Housing status				
	Own	Rent	Other[a]	Total	Percent of nonfarm families
All families	62	31	7	100	100
Age of family head					
Younger than 25	12	77	11	100	10
25-34	48	45	7	100	19
35-44	72	24	4	100	19
45-54	74	22	4	100	19
55-64	77	18	5	100	16
65 or older	71	22	7	100	17
Life cycle stage of family head					
Younger than 45					
Unmarried, no children	14	78	8	100	7
Married, no children	31	59	10	100	7
Married, youngest child under age 6	58	34	8	100	19
Married, youngest child age 6 or older	79	17	4	100	10
Age 45 or older					
Married, has children	79	16	5	100	12
Married, no children, head in labor force	81	15	4	100	14
Married, no children, head retired	82	14	4	100	10
Unmarried, no children, head in labor force	58	35	7	100	6
Unmarried, no children, head retired	62	28	10	100	8
Any age					
Unmarried, has children	35	60	5	100	7
Family income, 1969					
Less than $3,000	43	45	12	100	14
$3,000-4,999	46	44	10	100	12
$5,000-7,499	50	41	9	100	16
$7,500-9,999	62	33	5	100	16
$10,000-14,999	73	23	4	100	24
$15,000 or more	83	15	2	100	18

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[a] Includes trailer owners, and families who neither own nor rent.

TABLE 3-14

HOUSING STATUS - 1949-1970

(Percentage distribution of nonfarm families)[a]

	Own					Rent				
	1949	1954	1960	1965	1970	1949	1954	1960	1965	1970
All nonfarm families	50	56	58	63	62	40	37	36	29	30
Family income quintile										
Lowest quintile	40	45	42	46	45	38	34	42	36	44
Second quintile	43	46	47	47	46	46	47	46	42	44
Third quintile	47	51	55	64	63	45	44	41	32	32
Fourth quintile	55	65	68	74	74	41	32	28	23	22
Highest quintile	69	71	77	86	83	28	28	21	13	16
Age of family head										
Younger than 25	21	17	14	19	12	48	58	70	63	63
25-34	35	42	44	47	48	53	52	50	45	44
35-44	53	57	64	69	72	42	38	33	25	24
45-54	59	63	69	75	74	34	31	27	19	21
55-64	62	66	62	71	77	32	28	29	23	18
65 or older	59	63	65	71	71	27	23	27	22	21
Race										
White	53	57	61	67	65	38	35	34	26	29
Nonwhite	31	40	38	37	43	51	52	53	50	51

---

[a] Percentages do not add to 100 because families who own trailers, rent part of another family's dwelling or receive housing as part of compensation are not shown on the table.

TABLE 3-15

TYPE OF HOUSING STRUCTURE WITHIN INCOME, AGE, LIFE CYCLE, AND RACE

(Percentage distribution of families)

	Type of Structure								
	Single family house		Duplex, row house, 2-4 family structure		Apartment of five or more units		Trailer		
Family income	1964	1970	1964	1970	1964	1970	1964	1970	Total
Less than $3,000	69	64	14	18	16	13	1	5	100
$3,000-4,999	66	61	14	18	19	15	1	6	100
$5,000-7,499	67	65	20	13	12	15	1	7	100
$7,500-9,999	77	69	14	16	9	11	*	4	100
$10,000 or more	86	79	6	10	7	9	1	2	100
Age of head									
Younger than 25	34	34	29	26	33	27	4	13	100
25-34	67	66	18	14	14	14	1	6	100
35-44	81	80	11	12	8	6	*	2	100
45-54	78	78	11	12	11	7	*	3	100
55-64	78	77	12	10	9	10	1	3	100
65 or older	72	75	14	11	12	11	2	3	100
Life cycle stage of family head									
Younger than 45									
Unmarried, no children	29	29	18	21	49	40	4	10	100
Married, no children	59	48	17	20	20	23	4	9	100
Married, youngest child under age 6	72	74	18	15	9	6	1	5	100
Married, youngest child age 6 or older	88	88	9	7	3	3	*	2	100
Age 45 or older									
Married, has children	87	87	8	7	5	4	*	2	100
Married, no children, head in labor force	80	79	10	10	9	8	1	3	100
Married, no children, head retired	83	81	10	10	6	6	1	3	100
Unmarried, no children, head in labor force	52	60	18	19	28	17	2	4	100
Unmarried, no children head retired	63	67	19	13	17	16	1	4	100
Any age									
Unmarried, has children	58	55	24	25	18	16	*	4	100
Race									
White	a	73	a	12	a	10	a	5	100
Nonwhite	a	59	a	23	a	18	a	*	100
All families	72	71	14	14	13	11	1	4	100

---

*Less than 0.5 percent.

[a] Not available for 1964.

4

AUTOMOBILE PURCHASES AND OWNERSHIP

CONSUMER expenditures for automobiles continued to increase in 1969. According to the Survey of Consumer Finances, the average expenditure for a new car rose $180 over the 1968 level, making an increase of $400 per car within the last two years (Table 4-1). Much of this increase may be attributed to the price increase by manufacturers and to the trend of buying more automotive options, particularly air conditioning. Table 4-2 indicates a substantial increase in the proportion of new cars bought for more than $3,500. More than one-half of all new cars bought in 1969 carried such a price tag.

The used car market was relatively weak during 1969. While the number of used cars purchased fell somewhat, the prices paid and the net outlays (price minus allowance for trade-in or sale) on used cars rose substantially, largely due to the relative newness of the used cars purchased in 1969 (see Table 4-3).

Net outlays on new cars rose substantially in 1969, even though the proportion of new cars bought with a trade-in went up slightly. In contrast to new car purchases, Table 4-5 shows that the proportion of used car purchases involving a trade-in decreased slightly. Allowances on these trade-ins increased substantially.

Car buyers continued to finance their cars in much the same way as they have in the past few years (Table 4-7). The proportion of car purchases on credit in 1969, 66 percent for new cars and 45 percent for used cars, was substantially the same as in 1968. The average amounts borrowed increased on new car purchases, but remained virtually unchanged for used cars.

The proportion of families purchasing new cars is much higher in the upper than in the lower-income groups. Such a progression is found to a much lesser extent when the used car purchases of different income groups are tabulated (Table 4-9). Families with more than $10,000 income purchased 72 percent of the new cars in 1969 as against 62 percent in 1968 (Table 4-10). This increase can be attributed mainly to the increased proportion of families in this income group. Table 4-11 shows that purchases of used cars by families in the same income group have also increased significantly.

The proportion of families who were inactive (made no automobile transactions) increased slightly in 1969. Among the multiple car-owning families, the porportion who were inactive is much smaller than among one-car owners, although it did rise from 46 percent in 1968 to 50 percent in 1969. The proportion of families who increased their car stock fell from 29 percent to 22 percent (Table 4-15).

Tables 4-16 and 4-17 indicate recent trends in car ownership. The proportion of all U. S. families who do not own a car dropped to 18 percent while the proportion of multiple-car owners rose to 28 percent. Upward trends in the percentage of families owning a car were more pronounced among nonwhite families, families with no children, and families with higher education.

Some noncar-owning families have trucks, pick-ups and the like. The proportion of families who did not own any vehicle in 1970 was 16 percent as compared to 20 percent in 1967. The proportion of families owning two or more vehicles has increased from 36 percent in 1967 to 41 percent in 1970.

TABLE 4-1

FAMILY CAR PURCHASES

Year of purchase	Cars purchased as a proportion of families[a] (in percent)		Number of cars purchased (in millions)		Average expenditure per car		Estimated total expenditure (in billions)		Average net outlay per car		Estimated total net outlay (in billions)	
	New	Used	New	Used	New	Used	New	Used	New	Used	New	Used
1969	13	18	8.3	11.5	$3,690	$1,170	$30.6	$13.4	$2,750	$1,000	$22.8	$11.5
1968	12	21	7.5	13.0	3,510	1,000	26.3	13.0	2,620	850	19.7	11.1
1967	11	20	6.9	12.3	3,290	1,050	22.8	13.0	2,580	890	17.8	11.0
1966	13	19	7.6	11.5	3,250	880	24.6	10.0	2,460	730	18.8	8.4
1965	13	19	7.9	11.4	3,260	910	25.4	10.0	2,320	730	18.3	8.3
1964	12	19	7.2	11.1	3,140	920	22.6	10.2	2,300	720	16.6	8.0
1963	11	20	6.0	11.3	3,130	920	18.8	10.4	2,310	720	13.9	8.1
1962	10	23	5.9	13.0	2,990	840	17.6	10.9	2,180	680	12.9	8.8
1961	8	20	4.6	11.0	2,830	800	13.1	8.8	1,980	630	9.1	6.9
1960	10	20	5.4	11.0	3,010	800	16.4	8.8	2,020	630	11.0	6.9
1959	10	17	5.2	9.1	3,140	980	16.3	8.9	2,060	760	10.7	6.9
1958	8	18	3.9	9.2	3,040	850	11.9	7.8	2,130	650	8.3	6.0
1957	9	18	4.5	9.1	3,220	870	14.5	7.9	2,110	650	9.5	5.9
1956	10	18	5.3	9.2	3,090	770	16.4	7.1	2,030	600	10.7	5.5
1955	12	20	6.2	10.1	2,940	750	18.1	7.5	1,910	580	11.7	5.9

---

[a] Domestic and foreign cars purchased by private households, in possession of buyers at the beginning of the following year.

TABLE 4-2 (Sheet 1 of 2)

PRICE PAID AND NET OUTLAY FOR NEW AND USED CAR PURCHASES

(Percentage distribution of purchases)

Amount paid for new cars	Price					Net outlay[a]				
	1965	1966	1967	1968	1969	1965	1966	1967	1968	1969
Less than $2,000[b]	5	6	8	3	3	31	27	25	22	22
$2,000-2,499	11	11	11	13	10	27	27	28	20	22
$2,500-2,999	23	25	18	12	11	23	24	18	25	16
$3,000-3,499	26	27	26	28	23	19	22	29	33	40
$3,500 or more	35	31	37	44	53					
Total	100	100	100	100	100	100	100	100	100	100
Mean[c]	$3,260	$3,250	$3,290	$3,510	$3,690	$2,320	$2,460	$2,580	$2,620	$2,750

---

[a] Price minus trade-in or sale.

[b] Includes cars received as gifts and payment in kind.

[c] Excludes cars received as gifts. In early years, cars paid for (partly) by swapping nonautomobile items such as boats, trucks, or trailers were classified as zero price purchases and treated in the same manner as gifts.

Note: This table is based on all cars owned by respondents at the time of interview which had been purchased during the previous calendar year.

TABLE 4-2 (Sheet 2 of 2)

PRICE PAID AND NET OUTLAY FOR NEW AND USED CAR PURCHASES

(Percentage distribution of purchases)

Amount paid for used cars	Price					Net outlay[a]				
	1965	1966	1967	1968	1969	1965	1966	1967	1968	1969
Less than $500[b]	44	44	39	40	32	49	50	43	44	35
$500-999	20	22	20	21	20	22	21	20	22	24
$1,000-1,499	17	12	15	13	17	15	14	17	14	16
$1,500-1,999	6	10	10	12	12	8	8	10	11	12
$2,000 or more	13	12	16	14	19	6	7	10	9	13
Total	100	100	100	100	100	100	100	100	100	100
Mean[c]	$910	$880	$1,050	$1,000	$1,170	$730	$730	$890	$850	$1,000

---

[a] Price minus trade-in or sale.

[b] Includes cars received as gifts and payment in kind.

[c] Excludes cars received as gifts. In early years, cars paid for (partly) by swapping nonautomobile items such as boats, trucks, or trailers were classified as zero price purchases and treated in the same manner as gifts.

Note: This table is based on all cars owned by respondents at the time of interview which had been purchased during the previous calendar year.

TABLE 4-3

AGE DISTRIBUTION OF USED CARS PURCHASED

(Percentage distribution)

Age[a] of car at time of purchase	Year of purchase					
	1964	1965	1966	1967	1968	1969
1 year or less	13	11	13	14	12	14
2-4 years	27	29	27	34	30	36
5-7 years	29	29	32	25	32	29
8-10 years	19	20	17	16	15	14
11 or more years	12	11	11	11	11	7
Total	100	100	100	100	100	100
Mean age (years)	b	6.8	6.8	6.4	6.7	6.0

---

[a] Based on year model; one year or less for 1969 stands for 1968, 1969, or 1970 model cars.

[b] Not available.

TABLE 4-4

TRADE-IN ACTIVITY - 1966, 1967, 1968, 1969

(Percentage distribution of families)

	1966	1967	1968	1969
Did not purchase a car	72	71	71	72
Purchased a new car[a]	12	11	11	12
Traded in a car bought new	6	5	6	7
Traded in a car bought used	3	2	2	2
No car traded in	3	4	3	3
Purchased a used car[a]	16	18	18	16
Traded in a car bought new	1	1	2	1
Traded in a car bought used	5	7	5	5
No car traded in	10	10	11	10
Total	100	100	100	100

---

[a] Families buying more than one car are classified only once according to the newest car purchased.

TABLE 4-5

PROPORTION OF TRADE-INS AND DISTRIBUTION OF TRADE-IN ALLOWANCES FOR NEW AND USED CAR PURCHASES

(Percentage distribution of purchases)

	New car purchases				Used car purchases			
	1966	1967	1968	1969	1966	1967	1968	1969
Proportion of purchases involving trade-in or sale in private	71	69	70	72	36	40	35	34
Amount received for trade-in (in percent of all trade-ins)								
Less than $500	26	29	24	16	78	72	72	60
$500-999	27	24	20	31	13	16	18	25
$1,000-1,499	21	19	22	17	6	9	5	8
$1,500-1,999	14	15	14	15	1	1	4	5
$2,000 or more	12	13	20	21	2	2	1	2
Total	100	100	100	100	100	100	100	100
Mean amount for trade-in	$1,090	$1,050	$1,260	$1,300	$380	$440	$410	$540

TABLE 4-6

NUMBER OF YEARS TRADE-IN OWNED AND AGE OF CARS TRADED IN

(Percentage distribution of automobiles)

	Cars bought new				Cars bought used			
	1966	1967	1968	1969	1966	1967	1968	1969
Number of years trade-in owned								
1 year or less[a]	18	17	19	17	32	30	30	27
2 years	21	22	20	21	22	23	18	11
3 years	21	22	19	18	10	8	12	15
4 years	19	13	19	21	10	16	21	22
5 years	7	11	7	12	5	8	6	7
6-7 years	7	12	9	7	11	11	7	8
8 or more years	7	3	7	4	10	4	6	10
Total	100	100	100	100	100	100	100	100
Mean years owned	3.5	3.4	3.5	3.5	3.3	2.9	3.2	3.9
Age of trade-in								
1 year or less[b]	17	15	17	14	2	3	2	5
2 years	14	11	18	15	4	3	6	3
3 years	14	20	18	17	5	8	9	5
4 years	14	11	14	15	6	10	5	7
5 years	10	13	6	15	10	7	11	10
6-7 years	17	21	15	16	30	31	29	34
8 or more years	14	9	12	8	43	38	38	36
Total	100	100	100	100	100	100	100	100
Mean age of trade-in	4.4	4.3	3.9	4.2	7.5	6.8	7.0	7.0

---

[a] Bought in 1967 or 1968 for 1968; bought in 1968 or 1969 for 1969.

[b] 1967, 1968, 1969 models for 1968; 1968, 1969, 1970 models for 1969.

TABLE 4-7

METHOD OF FINANCING NEW AND USED CARS PURCHASED

(Percentage distribution of purchases)

	New car purchases					Used car purchases				
Financing Method	1965	1966	1967	1968	1969	1965	1966	1967	1968	1969
Cash only	7	12	10	10	8	36	38	35	37	40
Cash plus trade-in or sale	30	26	21	24	26	16	15	15	14	12
Installment or other borrowing only	2	4	3	3	2	8	9	7	9	7
Installment or other borrowing plus trade-in, sale, or cash	60	57	65	63	64	37	36	41	37	38
Gift	1	1	1	*	*	3	2	2	3	3
Total	100	100	100	100	100	100	100	100	100	100

---

*Less than 0.5 percent.

TABLE 4-8

CASH OUTLAY AND AMOUNT BORROWED ON NEW AND USED CAR PURCHASES - 1968, 1969

(Percentage distribution of purchases)

	Cash outlay				Amount borrowed			
	New cars		Used cars		New cars		Used cars	
Amount	1968	1969	1968	1969	1968	1969	1968	1969
Zero[a]	26	24	29	24	34	35	54	55
$1-249	7	7	32	24	*	*	3	2
$250-499	9	6	17	17	*	*	6	7
$500-999	14	15	7	15	2	2	14	15
$1,000-1,499	8	11	5	8	10	7	10	7
$1,500-1,999	7	8	5	6	12	12	6	6
$2,000-2,499	6	9	3	2	18	16	3	4
$2,500 or more	20	19	1	2	21	26	2	2
Not ascertained	3	1	1	2	3	2	2	2
Total	100	100	100	100	100	100	100	100
Mean cash outlay (for purchases involving cash)	$1,620	$1,690	$470	$640				
Mean amount borrowed (for purchases involving borrowing)					$2,180	$2,280	$1,090	$1,060
Mean net outlay[b]	$2,700	$2,710	$780	$760	$2,570	$2,770	$1,250	$1,250

---

*Less than 0.5 percent.

[a] Includes cars received as gifts.

[b] The first four means are only for purchases involving a cash outlay; the second four are for purchases involving borrowing. Purchases involving both borrowing and a cash outlay are included in both sets of calculations.

TABLE 4-9

CAR PURCHASES - WITHIN FAMILY INCOME GROUPS

(Percentage distribution)

	Distribution of families buying cars			
	New cars		Used cars	
Annual family income	1967	1969	1967	1969
Less than $3,000	2	1	8	12
$3,000-4,999	6	4	18	12
$5,000-7,499	7	6	24	18
$7,500-9,999	15	12	22	20
$10,000-14,999	13	19	20	16
$15,000 or more	28	23	14	17
All families	11	12	18	16

TABLE 4-10

NEW CAR PURCHASES - WITHIN FAMILY INCOME GROUPS

(Percentage distribution)

Annual family income	Distribution of all families in the U.S.					Shares of new car purchases					Ratio of new car purchases to number of families				
	1965	1966	1967	1968	1969	1965	1966	1967	1968	1969	1965	1966	1967	1968	1969
Less than $3,000	19	19	18	18	14	3	2	3	2	2	2	2	2	1	1
$3,000-4,999	16	15	14	13	12	7	7	7	5	4	6	6	6	5	4
$5,000-7,499	21	20	18	17	16	17	16	11	12	8	11	10	7	9	6
$7,500-9,999	17	18	17	17	16	19	22	22	19	14	15	16	15	14	12
$10,000-14,999	17	19	22	22	24	27	31	26	33	38	21	21	13	17	20
$15,000 or more	10	9	11	13	18	27	22	31	29	34	37	32	32	28	25
Total	100	100	100	100	100	100	100	100	100	100	13	13	11	12	13

TABLE 4-11

USED CAR PURCHASES - WITHIN FAMILY INCOME GROUPS

(Percentage distribution)

	Distribution of all families in the U.S.					Shares of used car purchases					Ratio of used car purchases to number of families				
Annual family income	1965	1966	1967	1968	1969	1965	1966	1967	1968	1969	1965	1966	1967	1968	1969
Less than $3,000	19	19	18	18	14	10	10	7	7	9	10	10	8	9	12
$3,000-4,999	16	15	14	13	12	14	16	13	9	8	18	21	19	14	13
$5,000-7,499	21	20	18	17	16	29	22	24	20	16	27	21	27	26	19
$7,500-9,999	17	18	17	17	16	18	21	22	23	20	20	23	26	29	23
$10,000-14,999	17	19	22	22	24	22	22	24	28	26	25	22	23	25	19
$15,000 or more	10	9	11	13	18	7	9	10	13	21	13	19	18	21	20
Total	100	100	100	100	100	100	100	100	100	100	19	20	20	21	18

TABLE 4-12

NEW CAR PURCHASES - WITHIN FAMILY LIFE CYCLE GROUPS

(Percentage distribution)

Life cycle stage of family head	Distribution of all families in the U.S.				Shares of new car purchases				Ratio of new car purchases to number of families			
	1966	1967	1968	1969	1966	1967	1968	1969	1966	1967	1978	1969
Younger than age 45												
Unmarried, no children	6	5	6	7	6	7	5	6	12	15	11	10
Married, no children	5	5	6	7	7	10	10	9	18	23	21	18
Married, youngest child under age 6	20	18	19	19	18	18	19	20	12	11	12	14
Married, youngest child age 6 or older	9	11	11	10	12	12	14	12	16	13	16	16
Age 45 or older												
Married, has children	12	13	12	12	17	17	16	17	18	15	16	18
Married, no children, head in labor force	16	15	13	15	21	21	21	20	17	16	18	18
Married, no children, head retired	10	10	10	9	9	9	9	6	12	10	11	8
Unmarried, no children, head in labor force	7	7	6	6	5	3	2	3	9	5	4	7
Unmarried, no children, head retired	10	10	11	8	1	*	2	3	1	*	2	6
Any age												
Unmarried, has children	5	6	6	7	4	3	2	4	10	5	5	8
Total	100	100	100	100	100	100	100	100	13	11	12	13

TABLE 4-13

USED CAR PURCHASES - WITHIN FAMILY LIFE CYCLE GROUPS

(Percentage distribution)

Life cycle stage of family head	Distribution of all families in the U.S.				Shares of used car purchases				Ratio of used car purchases to number of families			
	1966	1967	1968	1969	1966	1967	1968	1969	1966	1967	1968	1969
Younger than age 45												
Unmarried, no children	6	5	6	7	5	4	5	7	16	15	17	19
Married, no children	5	5	6	7	7	6	8	9	26	26	27	24
Married, youngest child under age 6	20	18	19	19	31	27	28	25	30	30	31	23
Married, youngest child age 6 or older	9	11	11	10	14	17	15	16	30	32	30	28
Age 45 or older												
Married, has children	12	13	12	12	20	20	19	17	32	30	33	25
Married, no children, head in labor force	16	15	13	15	12	11	10	14	15	16	16	17
Married, no children, head retired	10	10	10	9	3	4	5	3	6	7	10	6
Unmarried, no children, head in labor force	7	7	6	6	3	5	2	2	6	15	7	7
Unmarried, no children, head retired	10	10	11	8	1	2	2	1	1	3	4	2
Any age												
Unmarried, has children	5	6	6	7	4	4	6	6	15	15	20	17
Total	100	100	100	100	100	100	100	100	19	20	21	18

Notes: The term "no children", appearing frequently in this chapter, means no children under 18 living at home. Unemployed people and housewives age 55 or older are considered retired; unemployed people and housewives younger than age 55 are considered to be in the labor force.

TABLE 4-14

NEW AND USED CAR PURCHASES - BY NUMBER OF CARS OWNED

(Percentage distribution of car owners)

Number of cars owned in early 1970	Distribution of car owning families	Shares of car purchases	
		New	Used
One	65	47	44
Two or more	35	53	56
Total	100	100	100

TABLE 4-15

MARKET ACTIVITY IN 1969 BY AUTOMOBILE OWNERSHIP

(Percentage distribution of families)

		Car ownership in early 1970		
Market activity in 1969	All families	Own no car	Own one car	Own two or more cars
Inactive[a]	72	99	74	50
Replaced car stock[b]	16	-	17	25
Bought new	8		9	12
Bought used	8		8	13
Increased car stock[c]	10	-	7	22
Bought new	3		2	8
Bought used	7		5	14
Decreased car stock[d]	2	1	2	3
Total	100	100	100	100
Percent of families	100	18	53	29

---

[a] No trade-ins, sales, disposals or purchases.

[b] Number of cars traded-in equals number of cars purchased.

[c] Number of cars purchased is larger than number of cars traded in.

[d] Includes families who traded-in or disposed of more cars than they purchased and families who disposed of one or more cars and made no purchases.

TABLE 4-16

NEW, USED, AND MULTIPLE CAR OWNERSHIP
- SELECTED YEARS FROM 1955 TO 1970

(Percentage distribution of families)

Car ownership	1955	1957	1959	1961	1963	1965	1967	1968	1969	1970
Own one car, bought new	27	28	27	26	26	27	27	27	27	27
Own one car, bought used	33	34	32	32	32	28	26	26	25	27
Own two or more cars[a]	10	13	15	18	22	24	25	26	27	28
Do not own car	30	25	26	24	20	21	22	21	21	18
Total	100	100	100	100	100	100	100	100	100	100

---

[a] Includes all families owning two or more cars, whether bought new or used.

TABLE 4-17 (Sheet 1 of 2)

CAR OWNERSHIP IN EARLY 1970 - WITHIN VARIOUS GROUPS

(Ownership as a percentage of families in each specified group)

	Own at least one car		Own one or more cars bought new		Own two or more cars	
	1969	1970	1969	1970	1969	1970
Annual family income						
Less than $1,000	32	25	9	3	1	3
$1,000-1,999	39	41	11	17	4	1
$2,000-2,999	46	50	20	13	1	7
$3,000-3,999	54	60	25	25	8	6
$4,000-4,999	68	70	25	27	7	9
$5,000-5,999	78	75	32	28	15	9
$6,000-7,499	88	86	44	40	18	15
$7,500-9,999	93	92	50	44	31	26
$10,000- 4,999	95	96	63	63	44	41
$15,000 or more	97	96	77	76	61	60
Life cycle stage of family head						
Younger than age 45						
Unmarried, no children	62	69	33	33	7	8
Married, no children	89	96	54	55	34	34
Married, youngest child under age 6	92	95	47	46	33	31
Married, youngest child age 6 or older	95	96	50	53	45	44
Age 45 or older						
Married, has children	92	91	50	53	46	51
Married, no children, head in labor force	94	92	64	62	39	42
Married, no children,, head retired	78	78	53	54	18	16
Unmarried, no children, head in labor force	60	65	36	41	8	11
Unmarried, no children, head retired	36	39	20	25	4	2
Any age						
Unmarried, has children	51	55	22	24	6	9
All families	79	82	45	47	27	28

TABLE 4-17 (Sheet 2 of 2)

CAR OWNERSHIP IN EARLY 1970 - WITHIN VARIOUS GROUPS

(Ownership as a percentage of families in each specified group)

	Own at least one car		Own one or more cars bought new		Own two or more cars	
	1969	1970	1969	1970	1969	1970
Age of head						
Younger than age 25	70	82	30	32	15	15
25-34	88	88	49	46	31	26
35-44	90	89	47	48	36	38
45-54	88	90	51	55	42	44
55-64	79	80	52	53	25	27
65 or older	58	60	36	40	11	10
Education of head						
0-8 grades	62	66	29	29	15	14
9-11 grades	78	80	36	36	25	27
12 grades	89	87	52	53	33	30
Some college	84	90	50	53	34	35
College degree	89	92	68	71	37	41
Race						
White	85	86	49	50	29	31
Nonwhite	52	60	17	26	12	13
Region						
Northeast	72	82	44	50	23	31
North Central	87	84	52	50	31	28
South	75	78	41	42	26	24
West	81	87	43	50	29	37
Belt						
Central cities of 12 largest SMSA's	55	62	31	44	11	18
Central cities of other SMSA's	67	66	35	39	22	27
Suburban areas of 12 largest SMSA's	91	91	56	63	39	46
Suburban areas of other SMSA's	88	89	57	56	39	35
Adjacent areas of SMSA's	86	86	47	47	29	29
Outlying areas of SMSA's	77	83	40	37	20	20
All families	79	82	45	46	27	29

TABLE 4-18

TRUCK OWNERSHIP IN EARLY 1970 - WITHIN FAMILY INCOME GROUPS

(Percentage distribution of families)

	Number of trucks owned[a]			
	None	One	Two or more	Total
Annual family income				
Less than $5,000	89	10	1	100
$5,000-7,499	78	19	3	100
$7,500-9,999	75	21	4	100
$10,000-14,999	80	17	3	100
$15,000 or more	82	15	3	100
All families	81	16	3	100

---

[a] Includes trucks, pick-ups, vans, and jeep-type vehicles.

TABLE 4-19

VEHICLE OWNERSHIP - WITHIN FAMILY INCOME GROUPS

(Percentage distribution of families)

	Number of vehicles[a] owned						
	None		One		Two or more		
	1968	1970	1968	1970	1968	1970	Total
Annual family income							
Less than $5,000	46	42	43	46	11	12	100
$5,000-7,499	13	15	56	55	31	30	100
$7,500-9,999	6	6	50	50	44	44	100
$10,000-14,999	4	4	36	40	60	56	100
$15,000 or more	3	4	27	28	70	68	100
All families	18	16	42	43	40	41	100

---

[a] Includes cars, trucks, pick-ups, vans, and jeep-type vehicles.

TABLE 4-20

PURCHASES OF CARS IN 1969 BY CHANGE IN FINANCIAL POSITION

(Percentage distribution of families)

		Financial situation compared to a year ago[a]								
		All families			1969 family income less than $10,000			1969 family income $10,000 or more		
Car purchases in 1969	All families[b]	Better	Same	Worse	Better	Same	Worse	Better	Same	Worse
No car purchase	72	66	74	75	70	81	82	62	64	63
Made a car purchase	28	34	26	25	30	19	18	38	36	37
Bought new car[c]	12	15	12	9	7	6	5	23	21	17
Bought used car	16	19	14	16	23	13	13	15	15	20
Total	100	100	100	100	100	100	100	100	100	100
Percent of sample	100	33	38	27	16	23	17	18	15	9
Number of families	2,576	858	978	691	400	597	447	458	381	244

---

[a] The question asked was: "We are interested in how people are getting along financially these days. Would you say that you and your family are <u>better off</u> or <u>worse off</u> financially than you were a <u>year</u> ago?"

[b] Includes 2 percent of families whose relative financial position was unknown or not ascertained.

[c] Includes families who bought both new and used cars.

5

HOUSEHOLD DURABLES, VACATIONS, AND RECREATION ITEMS

A substantial proportion of expenditures on household durables, vacations, and recreation items is discretionary, that is, postponable rather than necessary at the time of expenditure. The decision to make such a discretionary expenditure within any particular period of time depends not only upon the consumer's income and ability to buy, but also upon his attitudes and expectations for the future.

While average family incomes increased during 1969, it has been well documented by the Survey Research Center that consumer attitudes and expectations deteriorated greatly during that same period. These divergent trends resulted in a small decrease in the proportion of families purchasing household durables. This proportion fell from 48 percent in 1968 to 45 percent in 1969, but mean expenditures for those families who did buy increased to $560 from $500 the year before. The proportion of families using credit to pay for these household durables fell from 42 to 39 percent, the lowest level in recent years, reflecting in part higher rates charged for credit.

Decreased proportions of buyers of household durables were found uniformly through various income levels and with few exceptions through all age and life cycle groups as well (see Table 5-3). Those most likely to purchase household durables continued to be married persons under the age of 45. Well over half of the families in this category made purchases of household durables.

Aside from life cycle stage, another excellent predictor of durable goods purchases is the housing status and duration of house occupancy of a family. In those cases where families bought houses between 1967 and 1969, 59 percent of those families purchased a durable good during 1969 (see Table

5-8). On the other hand, of families who rent rather than own and who moved to their present housing prior to 1967, only 38 percent purchased a household durable in 1969.

When specific household durables were considered individually it may be seen that purchases of televisions, washing machines, cooking ranges, and furniture declined from the previous year while purchases of refrigerators and other appliances such as clothes dryers, dishwashers, and air conditioners, held their own.

Purchases of sports, recreation, and hobby items showed a decrease similar to that shown by purchases of household durables. Seventeen percent of American families bought an item of this type in 1969, a small decline from 18 percent the year before. In this instance, however, families in the highest income group actually increased their purchases of these items while families in income groups less than $15,000 curtailed them.

Table 5-18 shows that only 39 percent of American families took a vacation trip of 5 days or more during 1969, a slight decline from the 40 percent who did so in the previous year. Expenditures for vacations are particularly income dependent. Sixty-two percent of families earning more than $15,000 a year took a vacation in 1969, as compared with 21 percent of families earning less than $3,000 a year and only 39 percent of families with an income between $7,500 and $10,000 a year. Mean vacation expenditures per family increased to $460 from $400 in the previous year.

TABLE 5-1

PURCHASES OF HOUSEHOLD DURABLES - 1963-1969

(Percentage distribution of families)

	Purchases of household durables[a]					
	1963	1965	1966	1967	1968	1969
Families purchasing						
Percentage	42	46	48	43	48	45
Estimated number (in millions)	23.8	27.4	28.9	26.7	29.8	28.7
Percent using credit (buyers only)	42	44	43	40	42	39
Expenditures[b]						
Mean amount (buyers only)	$450	$480	$440	$460	$500	$560
Median amount (buyers only)	c	c	$310	$330	$370	$400
Estimated total (in billions)	$10.8	$13.0	$12.6	$12.6	$14.8	$16.1

---

[a] Includes purchases of new and used household appliances. Durables other than cars refer to all items of movable furniture and all electrical and gas appliances not permanently built-in or attached to the dwelling structure. Personal effects, recreation items, nonhousehold items (like lawn mowers), and non-appliance household items are <u>not</u> included.

[b] Before deduction of trade-in; includes amounts borrowed.

[c] Not available.

TABLE 5-2

AMOUNTS SPENT FOR HOUSEHOLD DURABLES - 1963-1969

(Percentage distribution of families)

Amount spent[a]	1963	1964	1965	1966	1967	1968	1969
Zero	58	56	54	52	57	52	55
$1-99	4	4	4	5	5	5	3
$100-199	7	9	8	11	8	8	7
$200-299	9	9	9	8	7	7	7
$300-499	9	9	10	9	9	11	10
$500-749	6	6	7	8	7	8	9
$750-999	3	2	3	3	3	4	3
$1,000 or more	4	4	5	4	4	5	6
Amount not ascertained	*	1	*	*	*	*	*
Total	100	100	100	100	100	100	100

---

* Less than 0.5 percent.

[a] Before deduction for trade-in; includes amount borrowed.

TABLE 5-3

PURCHASES OF HOUSEHOLD DURABLES WITHIN INCOME, AGE, AND LIFE CYCLE GROUPS

(Percentage distribution of families)

	Proportion that purchased					
	1964	1965	1966	1967	1968	1969
Annual family income						
Less than $3,000	28	26	28	20	23	21
$3,000-4,999	38	35	42	40	39	35
$5,000-7,499	45	46	49	42	48	41
$7,500-9,999	55	58	54	49	55	49
$10,000 or more	54	60	61	56	59	56
Age of family head						
Younger than 25	63	47	61	62	56	51
25-34	55	62	64	57	65	57
35-44	55	56	58	50	54	53
45-54	43	48	47	49	50	47
55-64	31	37	39	37	39	39
65 or older	24	26	28	21	27	25
Life cycle stage of family head						
Younger than age 45						
Unmarried	35	36	37	42	43	31
Married, no children	67	60	65	65	64	57
Married, has children	59	62	63	57	64	58
Age 45 or older						
Married, has children	43	53	57	53	47	48
Married, no children	35	41	39	36	43	40
Unmarried,	a	a	a	a	24	22
All families	44	46	48	43	48	45

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[a] Not available.

Notes: The term "no children," which appears frequently in this chapter, means no children younger than age 18 living at home. Unemployed people and housewives age 55 or older are considered retired; unemployed people and housewives younger than age 55 are considered to be in the labor force.

TABLE 5-4

PURCHASES OF HOUSEHOLD DURABLES - WITHIN INCOME GROUPS

(Percentage distribution of families)

		Annual family income					
	All	Less than $3,000	$3,000 -4,999	$5,000 -7,499	$7,500 -9,999	$10,000 -14,999	$15,000 or more
Did not purchase in 1969	55	79	65	59	51	44	43
Purchased in 1969	45	21	35	41	49	56	57
Spent[a]							
Less than $100	3	4	4	5	5	2	1
$100-199	7	5	10	7	9	5	6
$200-299	7	4	6	7	6	10	7
$300-499	10	4	7	10	10	13	12
$500-749	9	3	5	7	8	14	12
$750-999	3	1	2	3	4	3	6
$1,000 or more	6	*	1	2	7	9	13
Total	100	100	100	100	100	100	100
Percent purchasing two or more appliances[b]	11	4	7	10	13	14	16
Percent using credit[c]	39	36	35	45	50	41	25
Mean amount spent[c]	$560	$280	$330	$400	$560	$590	$780
Median amount spent[c]	$400	$220	$240	$300	$370	$460	$500
Percent making a major expenditure on cars and durables[d]	56	26	40	50	57	69	74
Percent of sample	100	14	12	16	16	24	18
Number of families	2,576	353	304	404	412	631	472

---

*Less than 0.5 percent.

[a] Before deduction of trade-in; includes amount borrowed.

[b] Refers to specific household appliances (see footnote to Table 5-9).

[c] Based only on families making a purchase; includes purchases of all durables.

[d] A major expenditure is defined as a net outlay (price minus trade-in) of $100 or more.

TABLE 5-5

PURCHASES OF HOUSEHOLD DURABLES IN 1969 BY CHANGE IN FINANCIAL POSITION

(Percentage distribution of families)

		Financial situation compared to a year ago[a]								
		All families			1969 family income less than $10,000			1969 family income $10,000 or more		
Amount spent on durables in 1969	All families	Better	Same	Worse	Better	Same	Worse	Better	Same	Worse
None	55	45	61	56	54	68	64	37	51	43
Some	45	55	39	44	46	32	36	63	49	57
$1-99	3	4	3	3	7	4	3	1	1	2
$100-199	7	7	7	7	9	7	8	6	6	5
$200-299	7	9	6	7	7	5	7	11	7	7
$300-499	10	11	9	10	8	9	7	13	12	15
$500-749	9	11	8	8	7	5	6	15	12	12
$750 or more	9	13	6	9	8	2	5	17	11	16
Total	100	100	100	100	100	100	100	100	100	100
Percent of sample	100	33	38	27	16	23	17	18	15	9
Number of families	2,576	858	978	691	400	597	447	458	381	244

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[a] The question asked was: "We are interested in how people are getting along financially these days. Would you say that you and your family are better off or worse off financially than you were a year ago?"

[b] Includes 2 percent of families whose relative financial position was unknown or not ascertained.

TABLE 5-6

PURCHASES OF HOUSEHOLD DURABLES - WITHIN AGE OF FAMILY HEAD GROUPS

(Percentage distribution of families)

	All families	Age of family head						
		18-24	25-34	35-44	45-54	55-64	65-74	75 or older
Did not purchase in 1969	55	49	43	47	53	61	73	79
Purchased in 1969	45	51	57	53	47	39	27	21
Spent[a]								
Less than $100	3	8	3	3	3	2	4	1
$100-199	7	10	8	8	5	6	5	7
$200-299	7	5	8	7	8	7	7	2
$300-499	10	9	12	12	11	9	4	4
$500-749	9	5	13	11	10	8	5	4
$750-999	3	3	4	4	3	2	1	2
$1,000 or more	6	11	9	8	7	5	1	1
Total	100	100	100	100	100	100	100	100
Percent purchasing two or more appliances[b]	11	19	13	15	12	8	4	3
Percent using credit[c]	38	52	50	47	31	29	16	3
Median amount spent[c]	$400	$320	$430	$400	$425	$400	$280	$300
Percent making a major[d] expenditure on cars and durables[c]	56	63	66	65	60	49	34	26
Percent of sample	100	10	18	19	20	16	11	6
Number of families	2,576	257	471	488	514	426	276	144

---

[a] Before deduction of trade-in; includes amount borrowed.

[b] Refers to specific household appliances (see footnote to Table 5-9).

[c] Based only on families making one or more purchases.

[d] A major expenditure is defined as a net outlay (price minus trade-in) of $100 or more.

TABLE 5-7

PURCHASES OF HOUSEHOLD DURABLES IN 1969 - WITHIN LIFE CYCLE GROUPS
(Percentage distribution of families)

		Younger than age 45				Age 45 or older					Any age
		Unmarried	Married			Married			Unmarried		Unmarried
							No children		No children		
	All families	No children	No children	Youngest child under age 6	Youngest child age 6 or older	Has children	Head in labor force	Head retired	Head in labor force	Head retired	Has children
Did not purchase in 1969	55	69	43	38	46	52	52	70	71	83	54
Purchased in 1969	45	31	57	62	54	48	48	30	29	17	46
Spent[a]											
Less than $100	3	6	2	5	1	2	2	2	7	1	7
$100-199	7	9	7	8	7	7	6	5	3	5	13
$200-299	7	3	5	10	7	11	7	7	3	3	6
$300-499	10	5	8	13	15	11	11	7	6	3	8
$500-749	9	2	8	14	12	10	11	6	6	2	6
$750-999	3	4	4	4	4	2	4	1	1	2	2
$1,000 or more	6	2	23	8	8	5	7	2	3	1	4
Total	100	100	100	100	100	100	100	100	100	100	100
Percent purchasing two or more appliances[b]	11	4	20	18	15	14	10	5	5	3	11
Percent using credit[c]	39	31	44	52	46	38	24	10	27	12	59
Median amount spent[c]	$400	$200	$685	$400	$400	$380	$475	$300	$340	$300	$250
Percent making a major expenditure on cars and durables[d]	56	44	71	70	70	65	59	37	33	22	51
Percent of sample	100	7	7	19	10	12	15	9	6	8	7
Number of families	2,576	183	169	496	261	324	380	246	150	197	170

---

[a] Before deduction of trade-in; includes amount borrowed.

[b] Refers only to specific household appliances (see footnote to Table 5-9).

[c] Based only on families making one or more purchases.

[d] A major expenditure is defined as a net outlay (price minus trade-in) of $100 or more.

TABLE 5-8

PURCHASES OF HOUSEHOLD DURABLES - WITHIN HOUSING STATUS AND DURATION OF HOUSE OCCUPANCY GROUPS

(Percentage distribution of families)

		Housing status and duration of house occupancy[a]				
		Own house		Rent house		
	All families	Bought house 1967-1970	Bought prior to 1967	Moved in 1967-1970	Moved in prior to 1967	Neither own nor rent
Did not purchase in 1969	55	41	56	51	62	63
Purchased in 1969	45	59	44	49	38	37
Spent[b]						
Less than $100	3	1	2	7	3	3
$100-199	7	6	7	8	5	6
$200-299	7	6	8	6	9	7
$300-499	10	13	10	11	9	7
$500-749	9	12	9	7	8	9
$750-999	3	5	3	3	1	3
$1,000 or more	6	16	5	7	3	2
Total	100	100	100	100	100	100
Percent purchasing two or more items[c]	11	19	10	12	9	9
Percent using credit[d]	39	45	29	51	49	46
Median amount spent[d]	$400	$520	$400	$335	$319	$379
Percent making a major expenditure on cars and durables[e]	56	71	55	66	44	46
Percent of sample	100	14	50	21	9	6
Number of families	2,533	351	1,256	538	229	159

---

[a] Excludes secondary families such as roomers and boarders.

[b] Before deduction of trade-in; includes amount borrowed.

[c] Refers to specific appliances (see footnote to Table 5-9).

[d] Based only on families making a purchase; includes purchases of all durables.

[e] A major expenditure is defined as a net outlay (price minus trade-in) of $100 or more.

TABLE 5-9

NUMBER OF APPLIANCES[a] PURCHASED, 1967-1969

(Percentage distribution of families)

	Did not purchase	Families purchasing One item	Two or more items	Total
All families				
1969	63	26	11	100
1968	62	24	14	100
1967	66	24	10	100
Annual family income				
Less than $3,000				
1969	82	14	4	100
1968	82	14	4	100
1967	85	13	2	100
$3,000-4,999				
1969	70	23	7	100
1968	71	22	7	100
1967	68	22	10	100
$5,000-7,499				
1969	66	24	10	100
1968	61	26	13	100
1967	66	24	10	100
$7,500-9,999				
1969	62	25	13	100
1968	56	27	17	100
1967	61	29	10	100
$10,000-14,999				
1969	55	31	14	100
1968	54	28	18	100
1967	58	29	13	100
$15,000 or more				
1969	54	30	16	100
1968	52	27	21	100
1967	55	27	18	100

---

[a] Includes only the following items: TV (color or black and white), refrigerator, washing machine, cooking range, clothes dryer, dishwasher, air conditioner, sewing machine, radio, record-playing equipment, tape recorder, freezer, humifier, and dehumidifier.

TABLE 5-10 (Sheet 1 of 2)

PURCHASES OF SPECIFIC HOUSEHOLD DURABLES, PRICES PAID, AND USE OF CREDIT - 1966-1969

(Percentage distribution of purchases)

	TV				Refrigerator				Washing machine			
	1966	1967	1968	1969	1966	1967	1968	1969	1966	1967	1968	1969
Proportion purchasing[a]	17	13	16	14	9	7	8	8	8	8	8	7
Total price paid												
$1-99	12	11	9	8	19	13	15	11	16	12	10	10
$100-199	36	26	25	20	11	8	11	16	38	23	28	27
$200-249	8	7	7	6	16	17	11	11	27	41	29	32
$250-299	4	4	5	3	19	18	24	18	11	11	20	14
$300-399	5	8	10	12	24	28	22	26	5	7	10	14
$400-499	7	10	14	12	6	7	11	10	3	4	2	1
$500 or more	28	34	30	39	5	9	6	8	*	2	1	2
Total	100	100	100	100	100	100	100	100	100	100	100	100
Mean total price	$310	$350	$360	$420	$250	$280	$260	$270	$190	$210	$220	$220
Proportion of purchases involving:												
Credit	37	44	39	39	36	36	39	33	41	34	38	36
Cash only	63	56	61	61	64	64	61	67	59	66	62	64
Total	100	100	100	100	100	100	100	100	100	100	100	100
Number of cases	583	366	377	364	295	218	189	210	276	226	179	190

---

*Less than 0.5 percent.

[a] Families buying two units of one item are counted twice.

TABLE 5-10 (Sheet 2 of 2)

PURCHASES OF SPECIFIC HOUSEHOLD DURABLES, PRICES PAID, AND USE OF CREDIT - 1966-1969

(Percentage distribution of purchases)

	Cooking range				Furniture[b]				Other major appliances[c]			
	1966	1967	1968	1969	1966	1967	1968	1969	1966	1967	1968	1969
Proportion purchasing[a]	6	5	6	5	18	17	19	17	8	7	10	10
Total price paid												
$1-99	23	22	22	17	16	14	18	8	11	10	11	7
$100-199	37	30	27	27	21	25	20	15	50	46	44	42
$200-249	18	21	18	19	9	7	7	11	19	25	22	20
$250-299	9	9	17	12	7	5	5	6	11	9	11	14
$300-399	9	8	14	20	11	13	15	10	8	5	10	11
$400-499	2	4	2	3	7	8	8	8	1	1	1	3
$500 or more	2	6	0	2	29	28	27	42	*	4	1	3
Total	100	100	100	100	100	100	100	100	100	100	100	100
Mean total price	$180	$200	$190	$210	$430	$460	$450	$630	$180	$190	$190	$220
Proportion of purchases involving:												
Credit	32	33	35	37	41	37	38	36	31	25	31	37
Cash only	68	67	65	63	59	63	62	64	69	75	69	63
Total	100	100	100	100	100	100	100	100	100	100	100	100
Number of cases	214	134	132	127	608	499	466	428	278	225	253	256

---

*Less than 0.5 percent.

[a] Families buying two units of an item are counted twice.

[b] All furniture bought during the year, rather than specific purchases.

[c] Clothes dryers, dishwashers, air conditioners.

TABLE 5-11

NET OUTLAY ON HOUSEHOLD DURABLES AND CARS

(Percentage distribution of families)

Net outlay[a] on cars and durable goods	All families		Income: Less than $10,000		Income: $10,000 or more	
	1969	1968	1969	1968	1969	1968
No net outlay	39	38	48	45	26	24
Net outlay on:						
Cars only	16	15	15	13	18	17
Durable goods only	28	30	25	28	32	34
Cars and durable goods	17	17	12	14	24	25
Total	100	100	100	100	100	100
Percent of sample	100	100	58	64	42	36

---

[a] Net outlay is defined as total price minus trade-in allowance.

TABLE 5-12

TOTAL NET OUTLAYS ON CARS, HOUSEHOLD DURABLES, AND ADDITIONS AND REPAIRS WITHIN HOUSING STATUS AND DURATION OF HOUSE OCCUPANCY GROUPS

(Percentage distribution of families)

Total net outlay on cars, durable goods, and additions and repairs	All families		Housing status and duration of house occupancy				
			Owners		Renters		
	1969	1968	Bought house 1967-70	Bought prior to 1967	Moved in 1967-70	Moved in prior to 1967	Others
None	28	28	16	22	37	44	43
$1-499	26	29	18	28	29	30	21
$500-999	14	13	14	14	12	11	17
$1,000-1,999	13	12	19	13	10	7	8
$2,000-2,999	8	8	10	10	6	4	8
$3,000 or more	11	10	23	13	6	4	3
Total	100	100	100	100	100	100	100
Mean net outlay of purchasers	$1,480	$1,300	$2,110	$1,550	$1,110	$870	$1,120
Percent of sample	100	100	14	48	21	9	8
Number of families	2,576	2,317	351	1,256	538	229	202

TABLE 5-13

TOTAL NET OUTLAY ON CARS, HOUSEHOLD DURABLES, AND ADDITIONS AND REPAIRS WITHIN LIFE CYCLE GROUPS

(Percentage distribution of families)

		Younger than age 45				Age 45 or older					Any age
		Unmarried	Married			Married			Unmarried		Unmarried
							No children		No children		
Total net outlay on cars, durable goods, and additions and repairs	All	No children	No children	Youngest child under age 6	Youngest child age 6 or older	Has children	Head in labor force	Head retired	Head in labor force	Head retired	Has children
None	28	48	22	16	16	18	20	42	41	59	31
$1-499	26	20	19	27	21	27	27	30	29	22	38
$500-999	14	11	13	19	17	15	13	10	12	8	11
$1,000-1,999	12	11	17	14	18	17	11	9	7	5	8
$2,000-2,999	9	4	12	11	11	11	13	2	6	5	5
$3,000 or more	11	6	17	13	17	12	16	7	5	1	7
Total	100	100	100	100	100	100	100	100	100	100	100
Percent of sample	100	7	7	19	10	12	15	9	6	8	7
Number of cases	2,576	183	169	496	261	324	380	246	150	197	170

TABLE 5-14 (Sheet 1 of 2)

PURCHASES OF RECREATION AND HOBBY ITEMS WITHIN VARIOUS DEMOGRAPHIC GROUPINGS IN 1964, 1968, and 1969

(Percentage distribution of families)

	Percent purchasing[a]			Percent using credit on at least one purchase		
	1964	1968	1969	1964	1968	1969
All families	16	18	17	3	4	4
Total family income						
Less than $3,000	4	6	4	1	1	*
$3,000-4,999	9	8	7	1	1	1
$5,000-7,499	14	16	14	4	4	4
$7,500-9,999	20	20	19	5	5	4
$10,000-14,999	31	30	24	4	7	6
$15,000 or more	26	25	27	1	3	5
Age of family head						
Younger than 25	22	27	22	7	5	6
25-34	22	24	25	5	6	6
35-44	21	26	25	2	7	5
45-54	16	20	18	3	3	4
55-64	11	11	9	*	2	2
65 and older	4	6	5	*	*	*
Life cycle stage of family head						
Younger than age 45						
Unmarried, no children	20	20	17	5	2	2
Married, no children	17	29	28	5	4	6
Married, has children						
Youngest child under age 6	22	25	26	6	7	7
Youngest child age 6 or older	28	31	28	1	8	7
Age 45 or older						
Married, has children	15	18	19	2	3	6
Married, no children						
Head in labor force	13	15	14	2	2	2
Head retired	5	9	6	*	1	*
Unmarried, no children						
Head in labor force	11	13	7	*	2	1
Head retired	4	3	2	*	*	*
Any age						
Single, children	7	11	9	3	3	2

---

*Less than 0.5 percent.

[a] The question asked was: " Now about larger recreation and hobby items -- did you buy anything of this sort during (1969, 1968, 1964) -- for instance, camping equipment, a vacation trailer, photographic equipment, a musical instrument, power tools, a boat, sports equipment, and so on?"

TABLE 51-14 (Sheet 2 of 2)

PURCHASES OF RECREATION AND HOBBY ITEMS WITHIN VARIOUS
DEMOGRAPHIC GROUPINGS IN 1964, 1968, and 1969

(Percentage distribution of families)

	Percent purchasing[a]			Percent using credit on at least one purchase		
	1964	1968	1969	1964	1968	1969
Belt						
Central cities of 12 largest SMSA's	15	9	14	2	3	2
Central cities of other SMSA's	13	17	16	3	4	5
Suburbs of 12 largest SMSA's	22	30	24	2	6	4
Suburbs of other SMSA's	20	21	20	4	4	6
Adjacent areas	19	16	15	4	4	2
Outlying areas	8	14	16	2	3	4
Region						
Northeast	14	18	20	1	3	3
North Central	21	20	16	5	5	4
South	10	13	13	1	3	3
West	20	25	23	5	5	6

---

[a] The question asked was: "Now about larger recreation and hobby items -- did you buy anything of this sort during (1969, 1968, 1964) -- for instance, camping equipment, a vacation trailer, photographis equipment, a musical instrument, power tools, a boat, sports equipment, and so on?"

TABLE 5-15

PURCHASES OF RECREATION AND HOBBY ITEMS IN 1969 BY INCOME

(Percentage distribution of families)

	All	Less than $3,000	$3,000 -4,999	$5,000 -7,499	$7,500 -9,999	$10,000 -14,999	$15,000 or more
Did not purchase in 1969	83	96	93	86	81	76	73
Purchased in 1969	17	4	7	14	19	24	27
Amount spent[a]							
Less than $100	5	2	5	7	7	6	6
$100-199	4	2	*	2	5	7	6
$200-299	2	*	1	1	2	4	3
$300-499	2	*	1	2	2	2	5
$500-749	1	*	*	*	*	2	2
$750-999	1	*	*	1	1	1	1
$1,000 or more	2	*	*	1	2	2	4
Total	100	100	100	100	100	100	100
Percent using credit[b]	22	7[c]	13[c]	28	23	26	20
Percent of sample	100	14	12	16	16	24	18
Number of families	2,576	353	304	404	412	631	472

---

*Less than 0.5 percent.

[a] Before deduction of trade-in; includes amount borrowed.

[b] Based only on families making a purchase.

[c] Based on fewer than 50 cases.

TABLE 5-16

PURCHASES OF RECREATION AND HOBBY ITEMS BY AGE AND INCOME

(Percentage distribution of families)

Age of family head	All families	Annual family income: Less than $5,000	$5,000 -7,499	$7,500 -9,999	$10,000 or more
Younger than 35	24	15	22	25	30
35-44	25	4[a]	19	17	32
45-54	18	14	8	17	22
55-64	9	4	4	9	14
65 or older	5	1	8	11	12
All families	17	6	14	19	25

---

[a] Based on fewer than 50 cases.

The table reads: of families with the head younger than age 35 and an annual income less than $5,000, 15 percent purchased at least one recreation or hobby item.

TABLE 5-17

PURCHASES OF SPECIFIC SPORTS AND HOBBY ITEMS BY VARIOUS DEMOGRAPHIS GROUPS IN 1964, 1968, AND 1969

(Percentage distribution of families)

	Percent purchasing											
	Camping equipment			Boats and boating equipment			Sports equipment			Other hobby items		
	1964	1968	1969	1964	1968	1969	1964	1968	1969	1964	1968	1969
All families	2	3	3	2	2	2	5	7	7	9	11	8
Annual family income												
Less than $3,000	1	2	1	*	1	*	1	3	1	2	2	3
$3,000-4,999	1	1	1	1	1	1	3	4	3	4	5	4
$5,000-7,499	2	3	2	1	3	1	5	5	5	8	9	7
$7,500-9,999	3	4	4	3	2	3	6	7	7	13	12	8
$10,000-14,999	3	4	3	4	4	3	11	11	11	19	18	11
$15,000 or more	4	4	5	3	5	5	9	9	10	16	16	12
Age of family head												
Younger than 25	3	2	3	4	2	1	7	16	9	10	14	11
25-34	3	4	5	3	3	4	8	9	11	13	15	11
35-44	2	4	4	2	3	4	7	8	9	12	16	12
45-54	2	4	3	2	3	2	6	8	8	9	11	8
55-65	2	1	1	1	2	2	2	3	4	7	6	4
65 or older	*	2	1	*	2	*	*	1	1	4	4	4

---

*Less than 0.5 percent.

TABLE 5-18

EXPENDITURE FOR VACATIONS WITHIN INCOME GROUPS

(Percentage distribution of families)

			Annual family income											
Expenditure[a] for vacations	All families		Less than $3,000		$3,000 -4,999		$5,000 -7,499		$7,500 -9,999		$10,000 -14,999		$15,000 or more	
	1968	1969	1968	1969	1968	1969	1968	1969	1968	1969	1968	1969	1968	1969
Some; took a vacation	40	39	15	21	26	22	34	28	43	39	55	49	67	62
None; took no vacation	60	61	85	79	74	78	66	72	57	61	45	51	33	38
$1-99	7	6	7	7	5	5	9	7	8	6	7	4	2	4
$100-199	9	7	1	3	7	6	9	6	13	7	12	11	7	7
$200-299	7	7	3	3	5	3	4	4	9	10	9	10	8	7
$300-399	5	5	2	3	4	2	6	4	5	7	7	7	9	8
$400-499	2	2	1	*	1	1	*	1	1	2	5	4	5	5
$500-749	5	5	1	2	2	2	2	3	3	3	7	6	17	12
$750-999	1	1	*	*	*	1	*	*	1	1	2	2	5	4
$1,000 or more	4	5	*	2	2	2	4	3	2	2	5	4	13	15
Not ascertained	*	1	*	1	*	*	*	*	1	1	1	1	1	*
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Mean amount spent[b]	$400	$460	$220	$380	$280	$340	$320	$370	$260	$300	$380	$320	$720	$720
Percent of sample	100	100	18	14	13	12	17	16	17	16	22	24	13	18
Number of cases	2,317	2,576	298	353	275	304	381	404	425	412	605	631	333	472

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*Less than 0.5 percent.

[a] The question asked was: "Did you or anyone else in the family take a vacation trip of five days or more during the last twelve months?" If "yes," "Roughly how much did you spend altogether, including transportation and other things that cost more than if you were home?"

[b] Includes only those with a vacation expenditure.

TABLE 5-19

EXPENDITURE FOR VACATIONS IN 1969 WITHIN LIFE CYCLE GROUPS

(Percentage distribution of families)

		Younger than age 45				Age 45 or older					Any age
		Unmarried	Married			Married			Unmarried		Unmarried
							No children		No children		
Expenditure for vacations	All families	No children	No children	Youngest child under age 6	Youngest child age 6 or older	Has children	Head in labor force	Head retired	Head in labor force	Head retired	Has children
None, took no vacation	61	53	54	60	54	59	53	65	66	75	81
$1-99	6	11	6	7	3	6	3	4	3	6	7
$100-199	7	7	12	11	11	7	4	8	5	4	1
$200-299	7	8	6	6	8	7	8	8	8	4	4
$300-399	6	6	7	7	6	5	7	4	4	2	2
$400-499	2	3	1	2	5	3	3	1	1	1	1
$500-749	5	7	5	3	5	5	11	3	6	3	1
$750-999	1	1	4	1	3	2	2	1	1	1	1
$1,000 or more	5	4	5	3	5	6	9	6	6	4	2
Total	100	100	100	100	100	100	100	100	100	100	100
Percent of sample	100	7	7	19	10	12	15	9	6	8	7
Number of cases	2,576	183	169	496	261	324	380	246	150	197	170

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[a] The questions asked were: "Did you or anyone else in the family take a vacation trip of five days or more during the last twelve months?" If "yes," "Roughly how much did you spend altogether, including transportation and other things that cost more than if you were home?"

6

FINANCIAL ASSETS

STATISTICAL data compiled by government agencies indicate that personal saving was relatively high in 1969, a year in which consumers' willingness to undertake major outlays declined. According to the Survey of Consumer Finances, both the proportion of American families in possession of liquid assets[1] and the average amount of savings held by these families increased in 1969.

Early in 1970 the proportion of families holding no liquid assets reached a low of 16 percent while the proportion holding more than $5,000 in various kinds of deposits and bonds reached a high of 21 percent. The proportion owning each form of savings also increased. Close to two-thirds of all families now have a savings account, with a median holding of $1,300, and three-fourths of all families have a checking account, with a median holding of $250. The greatest increase occurred in the ownership of certificates of deposit. According to the survey data, nearly 8 percent of all families held such certificates early in 1970 as compared to less than 5 percent a year before. The median amount of the certificates was $5,000. Certificates of deposit are most popular among older people who no doubt are attracted both by their high interest rates and the absence of risk.

Data on median holdings of liquid assets for 1969 and 1970 (Table 6-3) indicate that average holdings of liquid assets rise sharply with income, age, and education. Most savings and reserve funds are accumulated by saving out of income. Older people have saved over many more years than younger people, but the data on the relatively high average liquid asset holdings of older families are misleading. They result from the affluence of a minority of

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[1] The term "liquid assets" is defined here as including deposits and bonds, but not stocks.

older people, which is counterbalanced by the absence of any liquid asset holdings of another sizable minority (see Table 6-4).

The median liquid asset holdings for all families presented here are very much lower than the mean holdings. The latter are greatly influenced by the large amounts of financial assets in the possession of a small minority of families. Survey data on mean holdings are much less reliable than those on median holdings.

The data presented in Tables 6-4 to 6-9 indicate the distribution of total liquid asset holdings, savings accounts, and checking accounts among different population groups. Similar tables for earlier years have been presented in previous volumes of the *Survey of Consumer Finances.* About one-third of all families have two or more savings accounts; among families with an income of more than $15,000 the proportion is 60 percent. The 1970 survey asked a question for the first time about the number of checks written, and the response indicates that more than one-third of all American families who have checking accounts write more than 20 checks per month (Table 6-10).

Other Assets

Two of the most important personal assets, ownership of owner-occupied one-family houses and of securities, are considered in separate chapters. Ownership of other real estate is found among 20 percent of all families and is almost as frequent as ownership of stocks. More than one-third of families with an income of more than $15,000 own such real estate (Tables 6-11). Lots are the most popular type of real estate holding although ownership of summer homes has shown the greatest increase within the past few years.

Ownership of life insurance continues to be very widespread. Families in the lower-income brackets and older families are least likely to have life insurance protection. The face value of individually purchased life insurance exceeds $10,000 among only one-third of American families (Table 6-15). The proportion of families having term insurance is not much smaller than the proportion carrying cash value life insurance (Table 6-16).

Attitudes toward Reserve Funds

The majority of Americans express dissatisfaction with the amount of their savings or reserve funds. Early in 1970, 54 percent of holders of financial assets expressed dissatisfaction; early in 1969, 59 percent said that their savings were inadequate for their needs (see Table 6-17 in this volume and Table 6-9 in the *1969 Survey of Consumer Finances*). In 1962, 51 percent expressed dissatisfaction with the reserves they had accumulated.

This dissatisfaction has been established repeatedly during the past 20 years, but it is set in proper perspective when contrasted with the satisfaction of the majority with their income and financial progress during the last several years. The higher a family's liquid assets are, the greater their satisfaction with them, but dissatisfaction is still very frequent among families with less than $10,000 in liquid assets.

Saving Performance

The 1970 Survey of Consumer Finances did not contain a detailed inquiry on amounts saved in 1969. Respondents were, however, asked whether during the preceding year they had added to or reduced their savings or reserve funds. Such subjective notions about one's own savings performance do not yield accurate data on amounts saved. For example, past studies indicate that a substantial proportion of the families who add small amounts to their savings each year solely from the receipt of interest or dividends, reply that their savings have not changed. Yet such opinions about saving performance do reflect the order of magnitude of the population proportions who have made sizable additions to or subtractions from savings.

More than 30 percent of the families with some financial assets said that they saved and more than 20 percent that they dissaved in 1969 (Table 6-18). In other words, even in a year of substantial personal saving, less than one-third of all families thought that they had saved, and reduction of reserve funds remained quite common. Much the same finding emerged from answers to the same question in the early 1960s: one-third of the families said they had saved and one-fourth that they had dissaved.

Saving, defined as the subjective opinion of having increased one's reserve funds, is infrequent among low-income families, and also among the very young and the old. Only among families with more than $15,000 income does the proportion of savers greatly exceed the proportion of dissavers. The frequency of dissaving is fairly similar in all income groups, as has been shown repeatedly in the past. Substantial additions to savings increase with income, as do the amounts saved.

In 1970 respondents were also asked whether the change in their savings in 1969 was unusual or rather typical. Only 5 percent of all respondents said that in 1969 they had added unusually large amounts to their savings; most savers called their performance typical. In contrast, the majority of dissavers characterized the reduction in their assets as unusual.

When respondents were asked whether they expected to save in 1970, the proportion answering affirmatively was 43 percent, considerably higher than the proportion who reported that they saved in 1969. These expectations reflect primarily good intentions. Their forecasting value is doubtful because a substantial proportion of low and middle-income respondents, who did not save in 1969, expressed an intention to save in 1970.

TABLE 6-1

PROPORTION OF FAMILIES HOLDING SELECTED FINANCIAL ASSETS

(Percentage distribution)

	Early 1951	Early 1960	Early 1963	Early 1968	Early 1969	Early 1970
Savings accounts	47	55	56	64	62	65
Certificates of deposit	a	a	a	4.5	4.9	7.7
Checking accounts	44	60	62	71	72	75
Bonds[b]	43	32	26	26	26	28
Stocks[c]	9	17	20	23	23	26
Number of family units (in millions)	46.3	53.5	56.2	61.2	62.5	63.7

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[a] Not available.

[b] In 1968, and in years before 1968, only government savings bonds are included. The ownership of other bonds was so uncommon in earlier years that these data are therefore fairly comparable. In 1970, 2 percent of families owned non-government bonds.

[c] Includes mutual funds.

TABLE 6-2

LIQUID ASSET HOLDINGS - 1963, 1965, 1968, 1969, 1970

(Percentage distribution of families)

Amount of liquid assets[a]	1963	1965	1968	1969	1970
None	22	20	19	19	16
$1-199	15	17	15	14	14
$200-499	14	11	12	12	12
$500-1,999	21	21	24	22	22
$2,000-4,999	14	14	13	15	15
$5,000-9,999	8	9	8	8	9
$10,000 or more	7	8	9	10	12
Total	100	100	100	100	100
Median (all families)	$490	$570	$650	$650	$800

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[a] Liquid assets include savings accounts, certificates of deposit, checking accounts, and government savings bonds.

TABLE 6-3

MEDIAN LIQUID ASSETS WITHIN INCOME, AGE, AND EDUCATION GROUPS

(In dollars)

	All families	Owners only	All families	Owners only
	1969	1969	1970	1970
All families	650	1,150	800	1,250
Total family income				
Less than $3,000	40	1,000	50	700
$3,000-4,999	220	900	250	1,080
$5,000-7,499	240	500	300	570
$7,500-9,999	770	960	500	720
$10,000-14,999	1,000	1,130	1,200	1,300
$15,000 or more	3,800	3,900	3,700	3,700
Age of family head				
Younger than 25	190	270	250	350
25-34	250	500	450	580
35-44	600	1,050	830	1,300
45-54	850	1,520	1,040	1,650
55-54	1,450	3,000	2,000	3,100
65 or older	2,000	4,470	2,400	5,000
Education of family head				
0-5 grades	0	1,790	0	600
6-8 grades	400	1,500	480	1,900
9-11 grades	400	940	450	900
12 grades	700	930	800	1,200
High school plus noncollege training	900	1,050	710	970
College, no degree	800	900	900	1,040
College, bachelor's degree	1,530	1,600	2,000	2,020
College, advanced degree	2,150	2,200	2,650	2,900

TABLE 6-4 (Sheet 1 of 3)

LIQUID ASSET HOLDINGS BY INCOME, AGE, LIFE CYCLE, AND EDUCATION - EARLY 1970

(Percentage distribution of families)

		Liquid asset holdings								
	No liquid assets	$1 -99	$100 -199	$200 -499	$500 -999	$1,000 -1,999	$2,000 -4,999	$5,000 -9,999	$10,000 or more	Total
All families	16	8	6	12	11	11	15	9	12	100
Total family income										
Less than $3,000	42	10	5	9	8	7	10	4	5	100
$3,000-4,999	30	10	6	11	7	8	9	7	12	100
$5,000-7,499	22	11	9	17	9	7	10	4	11	100
$7,500-9,999	12	13	8	14	15	12	12	7	7	100
$10,000-14,999	5	7	5	14	14	16	18	11	10	100
$15,000 or more	1	2	1	8	10	13	22	18	25	100
Age of family head										
Younger than 25	16	17	11	21	14	12	7	2	*	100
25-34	14	13	9	17	16	12	10	6	3	100
35-44	17	7	6	9	13	13	19	9	7	100
45-54	14	8	3	13	10	13	15	14	10	100
55-64	20	3	3	9	5	9	19	12	20	100
65 or older	20	2	3	6	8	6	14	10	31	100

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*Less than 0.5 percent.

TABLE 6-4 (Sheet 2 of 3)

LIQUID ASSET HOLDINGS BY INCOME, AGE, LIFE CYCLE, AND EDUCATION - EARLY 1970

(Percentage distribution of families)

		Liquid asset holdings								
	No liquid assets	$1 -99	$100 -199	$200 -499	$500 -999	$1,000 -1,999	$2,000 -4,999	$5,000 -9,999	$10,000 or more	Total
Life cycle stage of family head										
Younger than age 45										
Unmarried, no children	9	17	9	19	17	13	9	4	3	100
Married, no children	9	8	12	14	15	18	12	6	6	100
Married, youngest child under age 6	13	12	8	17	15	13	13	5	4	100
Married, youngest child age 6 or older	10	9	7	10	16	12	19	12	5	100
Age 45 or older										
Married, has children	19	6	4	14	11	11	15	11	9	100
Married, no children, head in labor force	9	4	2	8	6	12	18	17	24	100
Married, no children, head retired	15	2	3	8	7	5	17	13	30	100
Unmarried, no children, head in labor force	16	5	5	10	9	15	16	9	15	100
Unmarried, no children, head retired	26	5	3	6	7	6	16	7	24	100
Any age										
Unmarried, has children	49	11	5	11	6	3	6	5	4	100

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*Less than 0.5 percent.

TABLE 6-4 (Sheet 3 of 3)

LIQUID ASSET HOLDINGS BY INCOME, AGE, LIFE CYCLE, AND EDUCATION - EARLY 1970

(Percentage distribution of families)

		Liquid asset holdings								
	No liquid assets	$1 -99	$100 -199	$200 -499	$500 -999	$1,000 -1,999	$2,000 -4,999	$5,000 -9,999	$10,000 or more	Total
Education of family head										
0-5 grades	56	5	7	6	7	5	6	4	4	100
6-8 grades	30	7	3	10	7	8	14	8	13	100
9-11 grades	21	10	6	14	10	9	12	10	8	100
12 grades	13	9	5	14	13	10	14	11	11	100
High school plus noncollege training	6	10	9	16	12	13	15	8	11	100
College, no degree	5	12	7	13	14	14	15	9	11	100
College, bachelor's degree	1	4	3	12	13	17	21	10	19	100
College, advanced degree	3	1	3	10	10	15	21	15	22	100

TABLE 6-5

TYPE AND AMOUNT OF LIQUID ASSET HOLDINGS

(Percentage distribution of families)

Amount and type of liquid asset holdings	1963	1965	1968	1969	1970
Bonds					
None	74	76	74	74	72
$1-499	14	11	11	12	13
$500 or more	12	13	14	11	12
Amount not ascertained	*	*	1	3	3
Total	100	100	100	100	100
Checking accounts					
None	38	33	29	28	25
$1-499	42	44	46	45	46
$500-1,999	15	17	18	17	17
$2,000 or more	5	6	6	6	5
Amount not ascertained	*	*	1	4	7
Total	100	100	100	100	100
Savings accounts					
None	44	43	36	38	35
$1-499	18	19	19	17	16
$500-1,999	16	15	17	16	16
$2,000 or more	22	23	25	25	25
Amount not ascertained	*	*	3	4	8
Total	100	100	100	100	100

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*Less than 0.5 percent.

TABLE 6-6

DISTRIBUTION OF CERTIFICATES OF DEPOSIT - EARLY 1970

(Percentage of each group who own)

	Ownership of certificates	
	Any	Value more than $10,000
All families	8	3
Total family income		
Less than $3,000	5	*
$3,000-4,999	8	3
$5,000-7,499	9	4
$7,500-9,999	6	2
$10,000-14,999	7	3
$15,000 or more	13	5
Age of family head		
Younger than 25	2	*
25-34	3	*
35-44	5	1
45-54	7	2
55-64	11	4
65 or older	17	8

---

*Less than 0.5 percent.

TABLE 6-7 (Sheet 1 of 3)

SAVINGS ACCOUNTS BY INCOME, AGE, LIFE CYCLE, AND EDUCATION - EARLY 1970

(Percentage distribution of families)

	None and N.A.[a]	Savings accounts								
		$1 -99	$100 -199	$200 -499	$500 -999	$1,000 -1,999	$2,000 -4,999	$5,000 -9,999	$10,000 or more	Total
All families	43	6	3	7	8	8	11	6	8	100
Total family income										
Less than $3,000	64	5	1	6	5	6	7	2	4	100
$3,000-4,999	58	4	1	4	5	7	9	4	8	100
$5,000-7,499	52	5	4	9	7	5	7	4	7	100
$7,500-9,999	43	10	4	8	9	9	8	5	4	100
$10,000-14,999	32	6	4	9	11	9	15	8	6	100
$15,000 or more	24	4	2	7	10	9	16	12	16	100
Age of family head										
Younger than 25	42	13	6	14	11	7	5	2	*	100
25-34	40	11	5	12	11	8	8	3	2	100
35-44	42	5	3	8	9	9	13	5	6	100
45-54	42	3	3	7	8	9	13	9	6	100
55-64	44	3	2	3	5	6	13	10	14	100
65 or older	48	*	1	3	4	6	13	7	18	100

---

*Less than 0.5 percent.

[a] Not ascertained.

TABLE 6-7 (Sheet 2 of 3)

SAVINGS ACCOUNTS BY INCOME, AGE, LIFE CYCLE, AND EDUCATION - EARLY 1970

(Percentage distribution of families)

	None and N.A.[a]	Savings accounts								
		$1 -99	$100 -199	$200 -499	$500 -999	$1,000 -1,999	$2,000 -4,999	$5,000 -9,999	$10,000 or more	Total
Life cycle stage of family head										
Younger than age 45										
Unmarried, no children	37	12	5	10	15	8	7	3	3	100
Married, no children	30	11	5	15	9	12	11	2	5	100
Married, youngest child under age 6	40	10	5	12	10	9	8	3	3	100
Married, youngest child age 6 or older	41	5	3	8	10	9	14	7	3	100
Age 45 or older										
Married, has children	47	4	2	7	9	8	10	7	6	100
Married, no children, head in labor force	40	1	2	4	5	8	14	12	14	100
Married, no children, head retired	44	1	1	2	3	5	17	10	17	100
Unmarried, no children, head in labor force	40	3	4	5	9	9	13	7	10	100
Unmarried, no children, head retired	54	1	1	3	4	6	11	5	15	100
Any age										
Unmarried, has children	62	8	3	8	6	1	5	4	3	100

---

[a] Not ascertained.

TABLE 6-7 (Sheet 3 of 3)

SAVINGS ACCOUNTS BY INCOME, AGE, LIFE CYCLE, AND EDUCATION - EARLY 1970

(Percentage distribution of families)

	None and N.A.[a]	Savings accounts								
		$1 -99	$100 -199	$200 -499	$500 -999	$1,000 -1,999	$2,000 -4,999	$5,000 -9,999	$10,000 or more	Total
Education of family head										
0-5 grades	74	3	3	1	4	4	5	2	4	100
6-8 grades	57	3	1	4	5	7	11	4	8	100
9-11 grades	52	5	3	6	6	7	8	7	6	100
12 grades	39	7	3	9	8	7	11	9	7	100
High school plus noncollege training	33	9	6	9	11	7	13	5	7	100
College, no degree	34	6	3	12	10	11	10	7	7	100
College, bachelor's degree	24	8	3	9	11	11	16	6	12	100
College, advanced degree	25	4	2	4	14	10	17	10	14	100

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*Less than 0.5 percent.

[a] Not ascertained.

TABLE 6-8

NUMBER OF SAVINGS ACCOUNTS BY INCOME

(Percentage distribution of families)

	Number of savings accounts					
	None	One	Two	Three	Four or more	Total
Total family income						
Less than $3,000	57	33	7	3	*	100
$3,000-4,999	50	32	13	4	1	100
$5,000-7,499	46	35	12	5	2	100
$7,500-9,999	36	36	15	7	6	100
$10,000-14,999	24	36	22	9	9	100
$15,000 or more	12	28	27	14	18	100
All families	35	33	17	8	7	100

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*Less than 0.5 percent.

TABLE 6-9 (Sheet 1 of 3)

CHECKING ACCOUNTS BY INCOME, AGE, LIFE CYCLE, AND EDUCATION - EARLY 1970

(Percentage distribution of families)

		Checking accounts								
	None and N.A.[a]	$1 -99	$100 -199	$200 -499	$500 -999	$1,000 -1,999	$2,000 -4,999	$5,000 -9,999	$10,000 or more	Total
All families	31	15	10	21	11	6	4	1	1	100
Total family income										
Less than $3,000	56	13	9	11	7	2	1	1	*	100
$3,000-4,999	49	10	8	16	9	4	2	1	1	100
$5,000-7,499	38	17	10	18	9	4	3	1	*	100
$7,500-9,999	31	21	10	21	11	3	3	*	*	100
$10,000-14,999	19	19	11	27	13	6	4	1	*	100
$15,000 or more	14	7	11	25	18	13	8	2	2	100
Age of family head										
Younger than 25	32	28	16	17	5	2	*	*	*	100
25-34	25	23	14	25	8	3	1	1	*	100
35-44	28	17	10	22	12	6	4	1	*	100
45-54	30	14	9	22	14	7	3	1	*	100
55-64	36	6	8	20	14	7	5	2	2	100
65 and older	39	6	6	17	14	7	9	1	1	100

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*Less than 0.5 percent.

[a] Not ascertained.

TABLE 6-9 (Sheet 2 of 3)

CHECKING ACCOUNTS BY INCOME, AGE, LIFE CYCLE, AND EDUCATION - EARLY 1970

(Percentage distribution of families)

Life cycle stage of family head	None and N.A.[a]	Checking accounts								
		$1 -99	$100 -199	$200 -499	$500 -999	$1,000 -1,999	$2,000 -4,999	$5,000 -9,999	$10,000 or more	Total
Younger than age 45										
Unmarried, no children	33	25	10	22	6	2	1	1	*	100
Married, no children	17	20	18	27	9	5	2	1	1	100
Married, youngest child under age 6	24	23	14	21	11	4	2	1	*	100
Married, youngest child age 6 or older	20	19	13	25	11	6	4	2	*	100
Age 45 or older										
Married, has children	32	12	10	21	13	8	3	*	1	100
Married, no children, head in labor force	29	9	8	19	16	10	6	2	1	100
Married, no children, head retired	33	5	6	21	16	6	11	1	1	100
Unmarried, no children, head in labor force	33	11	8	26	11	8	2	1	*	100
Unmarried, no children, head retired	47	6	6	15	13	5	5	2	1	100
Any age										
Unmarried, has children	63	14	7	11	2	1	1	*	1	100

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*Less than 0.5 percent.

[a] Not ascertained.

TABLE 6-9 (Sheet 3 of 3)

CHECKING ACCOUNTS BY INCOME, AGE, LIFE CYCLE, AND EDUCATION - EARLY 1970

(Percentage distribution of families)

		Checking accounts								
	None and N.A.[a]	$1 -99	$100 -199	$200 -499	$500 -999	$1,000 -1,199	$2,000 -4,999	$5,000 -9,999	$10,000 or more	Total
Education of family head										
0-5 grades	71	8	4	6	6	2	2	1	*	100
6-8 grades	50	9	6	15	10	5	4	1	*	100
9-11 grades	40	14	9	19	10	4	2	1	1	100
12 grades	27	15	13	24	11	6	3	1	*	100
High school plus noncollege training	20	26	13	22	10	4	4	*	1	100
College, no degree	18	19	13	25	13	6	4	1	1	100
College, bachelor's degree	7	14	14	26	18	11	8	1	1	100
College, advanced degree	11	12	7	28	20	13	7	1	1	100

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*Less than 0.5 percent.

[a] Not ascertained.

TABLE 6-10

NUMBER OF CHECKS WRITTEN PER MONTH (Sheet 1 of 2)

(Percentage distribution of families with checking accounts)

	Number of checks								
	0-4	5-9	10-14	15-19	20-24	25-29	30+	N.A.[a]	Total
All families	9	17	23	13	13	8	13	4	100
Total family income									
Less than $3,000	25	30	22	9	5	1	2	6	100
$3,000-4,999	16	27	23	8	11	5	4	6	100
$5,000-7,499	13	19	29	14	10	5	7	3	100
$7,500-9,999	8	19	24	15	14	8	8	4	100
$10,000-14,999	6	14	23	14	15	11	14	3	100
$15,000 or more	3	8	18	12	19	12	25	3	100
Age of family head									
Younger than 25	11	19	26	15	14	6	8	1	100
25-34	4	13	25	13	18	12	13	2	100
35-44	6	9	19	15	16	11	21	3	100
45-54	7	17	25	11	12	9	13	6	100
55-64	13	18	20	13	13	6	13	4	100
65 or older	18	29	23	9	8	2	6	5	100

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[a] Not ascertained.

TABLE 6-10

NUMBER OF CHECKS WRITTEN PER MONTH (Sheet 2 of 2)

(Percentage distribution of families with checking accounts)

	Number of checks								
	0-4	5-9	10-14	15-19	20-24	25-29	30+	N.A.[a]	Total
Education of family head									
0-5 grades	34	34	13	2	*	5	5	7	100
6-8 grades	21	24	25	9	9	2	5	5	100
9-11 grades	12	20	22	14	11	5	9	7	100
12 grades	5	20	26	12	13	11	10	3	100
High school plus noncollege training	7	16	26	14	16	6	13	2	100
College, no degree	7	13	21	15	18	9	14	3	100
College, bachelor's degree	4	9	18	16	15	13	24	1	100
College, advanced degree	1	5	16	13	19	16	27	3	100
Amount of checking accounts									
$1-99	13	18	21	17	12	8	9	2	100
$100-199	9	18	27	11	14	7	12	2	100
$200-499	9	18	25	12	16	8	10	2	100
$500-999	8	20	22	11	15	7	15	2	100
$1,000-1,999	7	11	20	16	11	12	23	*	100
$2,000 or more	8	13	14	7	16	11	29	2	100

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*Less than 0.5 percent.

[a] Not ascertained.

TABLE 6-11

REAL ESTATE VALUE BY INCOME

(Percentage distribution of families)

		Total family income					
Real estate value	All families	Less than $3,000	$3,000 -4,999	$5,000 -7,499	$7,500 -9,999	$10,000 -14,999	$15,000 or more
None	80	92	85	84	79	79	65
$1-499	*	*	*	*	1	*	*
$500-999	1	1	1	*	1	1	1
$1,000-4,999	4	2	3	4	5	4	4
$5,000-9,999	3	*	2	2	4	4	4
$10,000-14,999	3	1	3	3	2	3	4
$15,000-24,999	3	1	2	2	1	3	6
$25,000-34,999	1	1	1	1	1	1	4
$35,000 or more	3	*	2	2	4	3	10
Don't know, not ascertained	2	2	1	2	2	2	2
Total	100	100	100	100	100	100	100
Median for owners	$11,000	$8,750	$10,000	$10,000	$7,500	$9,750	$19,750

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*Less than 0.5 percent.

TABLE 6-12

REAL ESTATE OWNERSHIP BY INCOME

(Percentage distribution of all families)

Real estate ownership	All families	Total family income Less than $3,000	$3,000 -4,999	$5,000 -7,499	$7,500 -9,999	$10,000 -14,999	$15,000 or more
Own some real estate[a]	20	8	14	16	21	21	35
Own:							
Lots	9	3	6	6	11	9	14
Summer house	3	1	*	2	2	3	6
Apartment building	1	*	1	1	2	1	3
Business property	5	2	4	4	4	4	9
Other type	6	3	5	5	5	6	8

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*Less than 0.5 percent.

[a] Sum of components exceeds total real estate owners because some families own more than one type of real estate. Ownership of owner-occupied one-family houses is not included under real estate ownership.

TABLE 6-13

LIFE INSURANCE OWNERSHIP[a]

(Percentage of each group who own)

	1954	1960	1964	1967	1970
All families	82	79	75	79	80
Total family income					
Less than $5,000	72	63	56	58	52
$5,000-7,499	95	90	84	81	78
$7,500-9,999	95	94	88	92	88
$10,000-14,999	95	96	94	97	94
$15,000 or more	95	92	97	95	97
Age of family head					
Younger than 34	85	79	76	83	78
35-44	88	84	84	89	88
45-54	86	85	84	85	90
55-64	79	79	74	81	83
65 or older	56	58	56	65	61

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[a] The question asked was: "Do you or others in your family now carry any life insurance which you purchased yourself or which your employer provides as part of employment benefits?"

TABLE 6-14

LIFE INSURANCE PREMIUMS BY INCOME

(Percentage distribution of families)

Premium on individually purchased life insurance	All families	Total family income Less than $3,000	$3,000 -4,999	$5,000 -7,499	$7,500 -9,999	$10,000 -14,999	$15,000 or more
None[a]	38	68	57	48	34	26	15
$1-49	6	10	11	5	8	5	2
$50-99	9	9	11	10	8	8	5
$100-199	14	7	10	14	18	18	12
$200-499	21	3	7	16	23	31	35
$500-999	6	*	1	2	4	6	18
$1,000 or more	2	*	*	1	1	1	7
Not ascertained, don't know amount	4	3	3	4	4	5	6
Total	100	100	100	100	100	100	100

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*Less than 0.5 percent

[a] Families who have bought life insurance only through their employer are included under "none."

TABLE 6-15

FACE VALUE OF INDIVIDUALLY PURCHASED LIFE INSURANCE BY INCOME

(Percentage distribution of families)

Face value of life insurance	All families	Total family income Less than $3,000	$3,000 -4,999	$5,000 -7,499	$7,500 -9,999	$10,000 -14,999	$15,000 or more
None[a]	33	60	50	41	28	22	11
Less than $5,000	18	26	31	21	18	13	6
$5,000-9,999	11	5	7	15	13	13	9
$10,000-19,999	16	3	3	13	23	24	23
$20,000-29,999	7	2	2	3	6	10	16
$30,000-39,999	4	*	1	1	3	6	8
$40,000 or more	7	*	1	2	4	8	22
Not ascertained, don't know	4	4	5	4	5	4	5
Total	100	100	100	100	100	100	100

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*Less than 0.5 percent.

[a] Families who have bought life insurance only through their employer are included under "none."

TABLE 6-16

TYPE OF INSURANCE OWNED BY INCOME AND LIFE CYCLE

(Percentage distribution of families)

	Type of insurance[b]		
	None[a]	Term	Cash value
All families	33	40	49
Total family income			
Less than $3,000	60	22	22
$3,000-4,999	50	31	27
$5,000-7,499	41	37	39
$7,500-9,999	28	43	49
$10,000-14,999	22	46	61
$15,000 or more	11	53	76
Life cycle stage of family head			
Younger than age 45			
Unmarried, no children	59	21	28
Married, no children	33	34	52
Married, youngest child under age 6	28	42	56
Married, youngest child age 6 or older	19	56	63
Age 45 or older			
Married, has children	18	44	61
Married, no children, head in labor force	23	43	61
Married, no children, head retired	35	39	41
Unmarried, no children, head in labor force	37	39	38
Unmarried, no children, head retired	56	21	22
Any age			
Unmarried, has children	51	29	30

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[a] Families who have bought life insurance only through their employer are included under "none."

[b] Rows add to more than 100 percent because some families own both term and cash value insurance.

TABLE 6-17

ATTITUDES TOWARD SAVINGS AND RESERVE FUNDS

(Percentage distribution of families)

	Satisfied	Dissatisfied	Attitude not ascertained	Total
All families	41	54	5	100
Liquid asset holdings				
$1-200	19	77	4	100
$200-499	32	65	3	100
$500-999	43	55	2	100
$1,000-1,999	40	56	4	100
$2,000-4,999	48	50	2	100
$5,000-9,999	55	42	3	100
$10,000 or more	80	18	2	100
Total family income				
Less than $3,000	41	48	11	100
$3,000-4,999	42	49	9	100
$5,000-7,499	37	57	6	100
$7,500-9,999	38	59	3	100
$10,000-14,999	38	58	4	100
$15,000 or more	51	47	2	100
Age of family head				
Younger than 25	33	62	5	100
25-34	33	64	3	100
35-44	32	63	5	100
45-54	36	58	6	100
55-64	49	46	5	100
65 or older	64	28	8	100

The question asked was: "Are you satisfied or dissatisfied with the present amount of your savings and reserve funds?"

TABLE 6-18

OPINIONS ABOUT SAVING PERFORMANCE IN 1969

(Percentage distribution of families)

	Saved	No change	Dissaved	No savings	Total
All families with savings	31	46	23	-	100
Total family income					
Less than $3,000	13	32	17	38	100
$3,000-4,999	13	42	19	26	100
$5,000-7,499	20	44	16	20	100
$7,500-9,999	25	45	20	10	100
$10,000-14,999	32	41	22	5	100
$15,000 or more	46	33	19	2	100
Age of family head					
Under 25	23	31	31	15	100
25-34	30	36	22	12	100
35-44	29	39	17	15	100
45-54	25	43	20	12	100
55-64	30	35	18	17	100
65 or older	21	51	12	16	100

The question asked was: "Considering all your savings or reserve funds, during the past year have you added to them, reduced them, or have they remained about the same?"

7

OWNERSHIP AND PURCHASES OF STOCKS AND MUTUAL FUND SHARES[1]

THE rate of ownership of stocks and mutual fund shares continues to increase among American families so that at present more than one out of every four families own shares. Yet the value of the securities investments of most shareholders is rather small.[2] A substantial proportion of shareholders neither buys nor sells over periods as long as one or two years. A second large proportion occasionally buys but does not sell stocks or mutual fund shares. It is estimated that during the last year only somewhat more than one-sixth of stockholding families have both bought and sold stocks in individual companies and thus switched from what they considered less promising to more promising investments.

The data in this chapter are derived from three separate survey operations. First, in the summer and fall of 1969, nationwide representative samples of 4,544 family units were queried about stockholdings. The same was done with 2,576 family units in the Survey of Consumer Finances conducted during the first half of 1970. Finally, questions on ownership, purchases, and sales were asked in a survey conducted with 1402 family units in October-November 1970. Respondents who said they owned either stocks

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[1] The data presented in this chapter, as well as in the next chapter, taken from surveys conducted in 1969, represent findings obtained in a study of the investment needs of individuals, conducted by the Survey Research Center for Merrill Lynch, Pierce, Fenner & Smith Inc. The Center wishes to express its gratitude to Merrill Lynch and to two officials of that firm, David Palmer and Peter F. Zimmerman, who made great contributions to the study.

[2] In this chapter, owners of stocks in individual companies will be described as "stockholders," owners of mutual fund shares as "mutual fund owners," and owners of both as "shareholders."

in individual companies or mutual fund shares, or both, were asked a number of additional questions in each survey.

Share Ownership

It is estimated that in 1970 shareholders reached a high of more than 26 percent of family units. The number of families[3] is estimated at 64 million in 1970, so the indicated number of shareowning families is 16.5 million. The 1970 New York Stock Exchange Census sets the number of shareowning adult individuals at 28 million. Although there may be some underestimation in the survey findings, the two estimates are in fair agreement because in very many shareholding families the shares are in the names of two or more individuals, usually husbands and wives. For a variety of purposes, an analysis of stockholding families appears more useful than one of individuals. For instance, the relation of shareholdings to income and to other liquid assets should not be determined on an individual basis. It is family income and family assets that need to be related to the shareholdings of the family.

According to the data collected by the Survey Research Center in three studies in 1969-70, the 26 percent of shareholding families divide as follows:

16 percent own only stocks in individual companies,
3 percent own only mutual fund shares, and
7 percent own both.

The higher the income, the larger is the proportion of shareholding families. Even in the income group between $10,000 and $15,000 the proportion of shareholders is only slightly above average. Only among families with an income of more than $15,000 before taxes does the majority of families own shares (Table 7-1). The proportion of mutual fund owners also rises greatly with income.

During the last two decades the number of shareholders has increased spectacularly. In the early 1950s surveys showed that only approximately 10 percent of American families, or fewer than 5 million families, were shareholders. By 1961, survey data indicated that 16 percent were shareholders, and the proportion has risen continuously since then (Table 7-2). During the last three years the growth in the number of stockholders was relatively slow, while that of mutual fund owners was more rapid. According to the Federal Reserve Board's Survey of Financial Characteristics of Consumers, only 5 percent of consumer units owned shares of mutual funds in 1962; according to surveys conducted by the Life Insurance Agency Management Association, one in every 15 households owned such shares in 1966-67.

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[3] Includes one-person units, as does every reference to families in this chapter.

In contrast to the growth in the proportion of shareowners among all families, their proportion in the middle-income groups has not increased, and in the upper-income groups it has even declined. In 1962, 41 percent of those in the $10,000-$15,000 income group and 67 percent of those with an income of more than $15,000 were shareholders, while in 1970 the respective proportions were 30 and 58 percent (see Table 7-2). The explanation for this development is not hard to find. An income of over $15,000 was not common in 1962; only 6 percent of all families had reached that income level. In 1970, when an income of $15,000 was no longer unusually high, the proportion was 18 percent. The many families who entered the upper-income brackets during the last few years frequently owned no shares at all in earlier years when they had a much lower income.

Data on the presence or absence of share ownership tell only part of the story. The size of share ownership (not studied by the New York Stock Exchange) must be ascertained in order to characterize the new share owners, and to obtain information on the concentration of share ownership among Americans. Yet the collection of such data is difficult. Many owners do not know the exact value of their securities, which fluctuates daily—and declined sharply in 1970. Some survey respondents are able, or willing, to give estimates of the value of their shareholdings only in broad brackets. Good methods of survey research would require extensive inquiries about the various securities owned and the consulting of records by respondents. In the 1970 surveys, however, only brief inquiries could be made and, therefore, only a few data will be presented here to indicate the order of magnitude of the distribution of security values.

Close to one-half of the 26 percent of shareholding families set the value of their holdings at less than $5,000 and only one-sixth at more than $25,000. Most new shareholders, who acquired their first securities during the last five years, own very small amounts of shares. The same is true of shareholders with an income of less than $10,000. Ownership of large amounts of shares is common only among families with an income of more than $15,000. The concentration of shareholdings by value is very pronounced, much greater than the concentration of income.

Share ownership is also correlated with liquid asset holdings. Only among those with more than $10,000 in liquid assets does the majority own shares; in this group large shareholdings are fairly common.

Frequency of Purchases and Sales

In any given period shareholders may be divided into several groups according to whether they have undertaken purchases or sales of shares. This is of interest both from the point of view of providing information on shareholders' attitudes and behavior and on the stock market activity generated by private individuals. The division is as follows:

Group	Behavior of shareholders
1	Neither buy nor sell
2	Occasionally buy, but do not sell
3	Both buy and sell
4	Occasionally sell, but do not buy

In the 1969 studies an attempt was made to clarify the order of magnitude of these groups by asking questions about buying and selling shares during the *last two years.* These questions do not provide exact information because, in addition to the usual reporting errors, recall for a period as long as two years must be judged as faulty. But shareholders' opinions about what they have bought and sold do shed light on their attitudes toward their investments. Prior to these 1969 surveys, no information of this type was available.

The major findings are as follows: In 1969, 62 percent of all shareholders said that they had bought and 29 percent that they had sold shares during the previous two years. Most of those who sold also bought. It appears, therefore, that Group 4 is insignificant, while Group 1 is large. At least one-third of all shareholders, by not buying or selling over two years, indicate an attitude of keeping their investments without enlarging them and without switching from less promising to more promising stocks. The proportion of those who enlarge their investments but also abstain from switching (Group 2) may likewise be estimated at one-third of all shareholders. Group 3, those who both bought and sold, appears to be slightly smaller.

Stockholders who indicated that they had undertaken transactions during the last two years were also asked about the frequency of their purchases and sales. The answers received, subject no doubt to many errors, may best be summarized by eliminating all shareholders who said that they had bought (or sold) no more than five times, or "a few times," during the last two years. The proportion of answers indicating a greater frequency of purchases was 27 percent and of sales, 7 percent of shareholders. Almost all of the frequent sellers also purchased shares. It appears that the majority of shareholders undertake occasional rather than frequent transactions. Further, purchases by individuals are much more frequent than sales.

The larger the value of shareholdings, the more frequent are sales. On the other hand, no clear relation appears to exist between value of investments and frequency of purchases. Even among shareowners with very large holdings there were many who said they did not buy at all, or bought only a few times, during the last two years. Conversely, among owners of mutual fund shares with fairly small investments, many did buy frequently, or even regularly.

The inquiry on purchases and sales was continued in the 1970 Survey of Consumer Finances, in which the questions specified a time span of *one year* rather than of two years. The following findings were obtained:

	Purchases and sales		
In 12 months up to early 1970	of stocks in percent of stockholders	of mutual funds in percent of mutual fund owners	of stocks and mutual funds in percent of all shareholders
Bought	37	53	43
Sold	22	4	23
Percent of all families in each column	23	9	26

The questions on purchases and sales of stocks and shares during the last twelve months were also included in the survey conducted in October-November 1970. The findings were quite similar to those in early 1970. For instance, again 37 percent of stockholders reported that they had bought stocks, 48 percent of mutual fund owners that they had bought shares in funds, and 44 percent of all shareholders that they had bought either stocks or shares. The small number of cases precludes any statement on the presence or absence of differences between the two time periods. But the second survey adds to the reliability of the data yielded by the first survey. Purchases were much more frequent than sales, but the majority of shareholders did not engage in any transaction over twelve months.

Among the 37 percent of stockholders who indicated purchases of stocks in twelve months, 20 percent bought only and 17 percent both bought and sold. In addition, 5 percent of stockholders said that they sold stocks in the last twelve months but did not buy any. The proportion of mutual fund owners who made purchases of mutual fund shares is larger than the proportion of stockholders who bought, while sales of mutual funds were fairly infrequent.

A comparison of the 1970 Survey's one-year data with the 1969 Survey's two-year data indicates that 43 percent of shareholders made purchases over one year, more than one-half of those who said that they had made purchases in two years (62 percent). This is as expected since many shareholders probably make purchases in two consecutive years. Selling appears to be a repeated activity to a still larger extent because, according to the one-year data, 22 percent sold and, according to the two-year data, 29 percent were sellers.

When the transactions of stockholders with an income of more than $15,000, rather than those of all stockholders, are scrutinized, we find: 46 percent of the high-income stockholders bought and 30 percent sold stocks in individual companies in one year (22 percent bought only, 6 percent sold only, and 24 percent did both). Though the transactions by high-income people are more frequent than average, it appears that even these stockholders frequently do not touch their stock investments during a period of one year.

When the purchases and sales of stocks are related to the value of stockholdings, substantial differences appear. Both purchases and sales are much more frequent on the part of owners of large than of small amounts of stocks.

The age of stockholders does not appear to be clearly related to their transactions, although very young and very old stockholders appear to have bought stocks somewhat less frequently than those in the middle age groups.

TABLE 7-1

SHARE OWNERSHIP BY INCOME, EARLY 1970

(Percentage distribution of families)

		Total family income					
Share ownership[a]	All families	Less than $3,000	$3,000 -4,999	$5,000 -7,499	$7,500 -9,999	$10,000 -14,999	$15,000 or more
Own	26	8	12	12	20	30	58
Stocks in individual corporations	23	6	11	12	17	26	55
Mutual funds[b]	9	3	5	4	10	11	26
Do not own	74	92	88	88	80	70	42
Total	100	100	100	100	100	100	100

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[a] Includes publicly traded and privately held stocks as well as mutual funds.

[b] The majority of mutual fund owners also own stocks in individual corporations.

TABLE 7-2

SHARE OWNERSHIP BY INCOME[1]

(Percentage distribution of families)

Total family income	1962	1964	1969	1970
All families	16	19	23	26
Less than $3,000	5	5	8	8
$3,000 - 4,999	9	11	7	12
$5,000 - 7,499	13	15	14	12
$7,500 - 9,999	21	27	22	20
$10,000 - 14,999	41	35	31	30
$15,000 or more	67	57	55	58

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[1] Proportion of families within each income category who owned shares in any year.

8

ATTITUDES TOWARD MUTUAL FUND SHARES

SURVEYS conducted in the fall of 1969 revealed that mutual funds served two major functions in the 1960s by attracting two rather different groups of investors. First, a sizable number of people, primarily in the middle-income groups who did not own any stocks, were induced to enter the securities market by purchasing shares of mutual funds. Second, a fair number of sophisticated investors placed a small share of their substantial assets in mutual funds for the sake of diversification and in the expectation of larger capital gains from professional management.

Shareowners were classified in the following four groups:

Group	Type of security ownership
A	Own stocks only, have no mutual fund shares
B	Own both stocks and mutual funds, but have less than 35 percent in mutual funds
C	Own stocks and mutual funds, but have more than 35 percent in mutual funds
D	Own mutual funds only.

The separation of the groups B and C was arrived at by asking respondents who owned both stocks in individual companies and shares of mutual funds, "What proportion of your total investments is in mutual funds?"

Table 8-1 indicates that groups B, C, and D, the three groups that contain all mutual fund owners, are of similar size. Among high-income families, ownership of nothing but mutual fund shares is much less common than among lower-income families.

Characteristics of Four Groups of Security Owners

The incomes of the investors in the four groups vary a great deal, as do the value of their investments, their demographic characteristics, and their attitudes. Individuals who invest exclusively in mutual fund shares almost always have small investments. More than two-thirds of this group set the value of their shares at less than $5,000. Many of the security owners who own no mutual fund shares at all are likewise small stockholders, but a sizable minority in this group are medium or large stockholders. Most small security owners fall either in Group A or in Group D (Table 8-2). Owners of both stocks and mutual funds differ greatly from these two groups. Especially among those in Group B, who have a small proportion of securities in mutual funds, large holdings of securities are common.

Various characteristics of the owners of securities in the four groups are presented in Table 8-3. Group B contains the largest and Group D the smallest proportion of people with high incomes. Younger people are most frequent in Group D, which contains an unusually small proportion of older people. (Additional tabulations indicate that in the western region of the country the size of Group D is larger than in other regions.) Differences in education are not substantial, but Group B contains the largest proportion of highly educated people.

Table 8-4 shows that relatively recent security owners are most frequent in Group D. Most new owners in Group D have small amounts of shares. Of the owners who invest exclusively in mutual fund shares, no fewer than 44 percent owned neither stocks nor shares five years ago. In Group B, on the other hand, individuals who have owned stocks for more than ten years are most common (54 percent).

Group A is a rather mixed group. Stockholders who own no mutual fund shares consist both of fairly recent stockholders and of long-standing stockholders. Among the latter, a sizable proportion abstained from buying shares of mutual funds.

Since individuals who invest exclusively in mutual fund shares frequently purchase them on a regular basis, Group D contains a relatively high proportion of people who report that they have made frequent purchases during the last two years. In Group A, on the other hand, such purchases are quite infrequent. Selling stocks and shares is much less common than buying them. Sales activity is most common in Group B and least common in Group D.

In reply to the question, "How did you select the mutual fund(s) you bought?" 31 percent of Group D mentioned a broker, 11 percent a mutual fund salesman, and 32 percent someone else, mainly friends and colleagues. The relatively high proportion of people who said that they relied on advice by nonexperts indicates fairly superficial decision making; it may also reflect activities of salesmen who approach many people in the same office or neighborhood. Those in Group B mentioned brokers more frequently than those in Group D, and others much less frequently.

The data on investors' level of information about stocks and their investment goals revealed substantial differences among the members of the four groups. Only 13 percent of all security owners said that they themselves were competent to manage their securities, while the great majority professed not to know enough to invest wisely. In Group D the proportion of people classified as competent was 4 percent and in Group B, 23 percent (Table 8-5).

Among all owners of mutual fund shares, 20 percent said that they knew quite a lot and 56 percent that they knew a little about mutual funds, while 24 percent denied any knowledge. Among stockholders (Group A), the proportions with much or little knowledge about mutual funds were lower (8 and 32 percent respectively). Among those who invest exclusively in mutual funds a smaller proportion feels informed about funds than among those who own both stocks and funds.

Studies of the investment goals of individuals were introduced by asking security owners whether they agreed with those who believe that in order to make money one should take risks, or with those who wish to have secure investments about which they do not need to worry. About one out of four opted for risk taking and 60 percent for security. Interestingly, the size of security holdings made little difference in this respect. But, as Table 8-5 shows, preference for risk taking is somewhat more pronounced among owners of both stocks and mutual funds than among those who own only one or the other.

On the basis of the data in Tables 8-3, 8-4, and 8-5, rather clear profiles emerge for two of our four groups. Group D, owning only mutual fund shares, consists primarily of relatively small investors, many of whom entered the security market by buying funds fairly recently, have little knowledge about securities, and trade infrequently. Members of Group B, who added to their often sizable investments a small proportion of mutual fund shares, are quite different. These people are greatly involved in the stock market and trade fairly frequently. When the size of Group B is restricted to those who have less than 15 percent (rather than less than 35 percent) of their securities in funds, the finding that some highly sophisticated large investors have placed some of their assets in mutual funds becomes still more pronounced. An analysis of the advantages and disadvantages of mutual funds as seen by the people who own them sheds further light on these conclusions.

Perceived Advantages and Disadvantages of Mutual Funds

The inquiry into attitudes toward mutual funds began in the surveys by asking two open-ended questions in which respondents were asked to give their opinions on the advantages and the disadvantages of mutual funds (see Table 8-6 for the wording of the questions). Three kinds of advantages were mentioned frequently: 35 percent of all owners of mutual fund shares spoke of professional management, 29 percent of diversification and, perhaps not quite as expected, 31 percent of safety accomplished by investing in mutual funds rather than in stocks of individual companies. In addition, some respondents mentioned that buying mutual funds seemed simpler than buying stocks, while a few mentioned greater appreciation of funds than of stocks. Only 5 percent of mutual fund owners failed to name some advantage. In contrast, 19 percent of all owners of mutual funds did not name any disadvantage. The most frequently cited disadvantage, mentioned by 27 percent of the owners, was that entry into mutual funds is expensive or that management fees are too high.

Following the open-ended questions, owners of mutual funds were asked three specific questions. First, they were asked whether a diversification of investments represented an advantage or a disadvantage of mutual funds; in reply, 76 percent classified diversification as an advantage, while most others professed not to know. Second, respondents were asked whether the cost of getting into a mutual fund was justified or not. More than 40 percent said that the sales load was justified, and half as many that it was not. Among stockholders who own no mutual funds, many more called the cost of entry not justified. Third, respondents were asked whether, in their opinion, during the last two years a person who bought mutual funds did better or worse than a person who bought shares of individual companies. The reply "better" was given by 30 percent of mutual fund owners but was nearly matched by the combined frequency of "same" and "worse" replies.

The answers given by individuals classified in the three groups of mutual fund owners differed from each other in several respects. As shown in Table 8-6, diversification was mentioned as an advantage most frequently by Group B and safety by Group D. The cost of entry was considered a disadvantage and was viewed as not justified much more frequently by those in Group B than by those in Group D. This difference probably reflects differences in levels of information and in sophistication. Small differences in the evaluation of the performance of mutual funds during the two years prior to 1969 also indicate that many members of Group D have little information and no opinions.

From the various questions discussed above, an index of attitudes toward mutual funds was constructed. Respondents were given 1 point for each advantage they mentioned spontaneously (maximum 2) and 1 point for each favorable reply to the three specific questions. Thus the highest value of the index was 5. Negative points were given similarly to disadvantages mentioned and to unfavorable replies to specific questions; they were deducted from the positive scores. As shown in Table 8-6 the attitudes of mutual fund owners were found to be rather favorable: One-third of the owners received 3 or more positive points on the index, while only 7 percent wound up with a negative and 21 percent with a neutral score. Individuals in Group D have the most favorable and those in Group B the least favorable attitudes among the owners of mutual funds. Experienced investors looking for profits through making use of professional management are more critical than individuals for whom mutual funds served as an entry into the stock market.

The analysis of attitudes toward mutual funds thus confirmed the findings that mutual fund owners do not constitute a homogeneous group. Individuals who own mutual fund shares and no other stocks have made their purchases with much less discernment and sophistication than investors who put a relatively small proportion of their securities investments in mutual funds.

There is reason to believe that the sharp division between mutual fund owners into two groups, those who have invested a small share of their securities in funds and those who have invested exclusively in mutual funds, remains valid even after the 1970 decline in stock market values.

TABLE 8-1

DISTRIBUTION OF STOCKS OR MUTUAL FUND SHARES

(Percentage distribution of security owners)

	Type of security ownership: stocks or mutual fund shares	All Security owners	Income of security owners before taxes		
			Less than $10,000	$10,000 -24,999	$25,000 or more
A.	Only stocks	64	69	62	56
B.	Both, less than 35 percent in mutual funds	12	6	12	28
C.	Both, 35-99 percent in mutual funds	13	11	15	12
D.	Only mutual funds	11	14	11	4
	Total	100	100	100	100
	Number of cases	1079	369	560	112

TABLE 8-2

RELATION OF TOTAL SECURITIES OWNED TO PROPORTION IN MUTUAL FUNDS

(Percentage distribution of security owners)

	Proportion in mutual funds	Total value of stocks and mutual fund shares owned				
		Less than $5000	$5000 -9999	$10,000 -24,999	$25,000 -99,999	$100,000 or more
A.	None	71	60	56	52	53
B.	Less than 35 percent	4	14	14	32	39
C.	35-99 percent	9	15	23	13	8
D.	100 percent	16	11	7	3	*
	Total	100	100	100	100	100

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*Less than 0.5 percent.

TABLE 8-3 (Sheet 1 of 2)

CHARACTERISTICS OF FOUR GROUPS
OF OWNERS OF STOCKS AND MUTUAL FUNDS

(Percentage distribution of security owners)

	A	B	C	D
Income	Own only stocks	Own both, less than 35 percent in mutual funds	Own both, 35-99 percent in mutual funds	Own only mutual funds
Less than $5000	11	*	5	10
$5000-7499	12	8	11	12
$7500-9999	16	10	12	22
$10,000-14,999	32	34	34	39
$15,000-24,999	20	22	28	14
$25,000 and over	9	26	10	3
Total	100	100	100	100
Median income	$11,800	$14,700	$13,300	$10,800
Age				
Younger than 35	25	16	14	30
35-44	21	22	27	28
45-54	22	25	26	20
55-64	17	26	20	14
65 and over	15	11	13	8
Total	100	100	100	100
Median age	46	49	47	41
Education				
11 grades or less	20	10	13	15
12 grades	31	19	33	24
Some college	21	21	20	23
College, bachelor's degree	20	30	20	24
College, advanced degree	8	20	14	14
Total	100	100	100	100

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*Less than 0.5 percent.

TABLE 8-3 (Sheet 2 of 2)

CHARACTERISTICS OF FOUR GROUPS
OF OWNERS OF STOCKS AND MUTUAL FUNDS

(Percentage distribution of security owners)

	A	B	C	D
Occupation	Own only stocks	Own both, less than 35 percent in mutual funds	Own both, 35-99 percent in mutual funds	Own only mutual funds
Professional, technical, managers, officials	38	48	42	46
Self-employed	6	10	10	7
Clerical, sales	13	12	15	13
Craftsmen, foremen	12	11	11	7
Operatives, laborers, service workers	13	1	8	17
Not employed (retired, student, housewife)	18	18	14	10
Total	100	100	100	100
Number of cases	690	122	132	120

TABLE 8-4

MARKET PARTICIPATION OF FOUR GROUPS
OF OWNERS OF STOCKS AND MUTUAL FUNDS

(Percentage distribution of security owners)

	A	B	C	D
Number of years since first bought stocks	Own only stocks	Own both, less than 35 percent in mutual funds	Own both, 35-99 percent in mutual funds	Own only mutual funds
1 year or less	7	3	8	15
1.1 to 3 years	12	7	10	13
3.1 to 5 years	12	9	14	16
5.1 to 10 years	22	25	27	21
10 years or more	35	54	40	16
Don't know, not ascertained	12	2	1	19
Total	100	100	100	100
Purchases during last two years				
Frequent[a]	15	39	40	41
Infrequent[b]	33	47	40	34
None	48	12	19	24
Don't know, not ascertained	4	2	1	1
Total	100	100	100	100
Sales during last two years				
Frequent[a]	7	12	5	1
Infrequent[b]	21	37	30	8
None	72	51	65	90
Don't know, not ascertained	*	*	*	1
Total	100	100	100	100

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*Less than 0.5 percent.

[a] Seven or more times in 2 years; at least every few months.

[b] One to six times in 2 years; a few times.

TABLE 8-5

LEVEL OF INFORMATION ABOUT SECURITIES AND INVESTMENT GOALS

(Percentage distribution of security owners)

	A	B	C	D
Evaluation of personal competence[a]	Own only stocks	Own both, less than 35 percent in mutual funds	Own both, 35-99 percent in mutual funds	Own only mutual funds
Know enough to invest wisely	15	23	11	4
Know something to invest wisely	11	15	14	5
Know too little	74	62	75	91
Total	100	100	100	100
Knowledge about mutual funds[b]				
A lot	8	25	26	10
A little	32	56	53	61
Almost nothing	60	19	21	29
Total	100	100	100	100
Preference for either risky or secure investments[c]				
Risks	25	30	30	23
Both	8	20	18	13
Secure investments	65	48	51	62
Don't know, not ascertained	2	2	1	2
Total	100	100	100	100

The questions asked were:

[a] "Some people feel that they know enough to invest successfully in stocks, while others feel they know too little about stocks. How is it with you?"

[b] "How much do you know about mutual funds - quite a lot, a little, or practically nothing?"

[c] "Some people believe that in order to make money they should take risks; for other people it is important to have secure investments about which they don't have to worry; how is this in your case?"

TABLE 8-6

PERCEIVED ADVANTAGES AND DISADVANTAGES OF MUTUAL FUNDS

(Percentage distribution of security owners)

	A	B	C	D
Advantages spontaneously mentioned[a]	All mutual fund owners	Own both, less than 35 percent in mutual funds	Own both, 35-99 percent in mutual funds	Own only mutual funds
Professional management	35	36	39	28
Diversification	29	35	25	26
Safety	31	23	33	38
None; don't know	5	5	5	5
Disadvantages spontaneously mentioned[b]				
Cost of entry, management fee too high	27	32	29	17
None; don't know	19	18	17	23
Replies to specific questions on cost of entry[c]				
Justified	42	28	54	48
Not justified	21	28	14	11
Pro-con, don't know	37	44	32	41
Total	100	100	100	100
Replies to specific questions about mutual funds' performance[d]				
Did better than stocks	30	38	38	24
Did same as stocks	10	11	8	11
Did worse than stocks	16	14	16	13
Don't know, not ascertained	44	37	38	52
Total	100	100	100	100
Composite attitudes toward mutual funds				
Negative	7	10	7	3
Neutral	21	23	21	19
Low	18	18	20	16
Medium	22	24	20	20
Fairly high	19	15	19	24
High	13	10	13	18
Total	100	100	100	100

The questions asked were:

[a] "In your opinion what are the advantages, if any, of investing in mutual funds as compared to specific stocks?" (two mentions allowed).

[b] "And what are the disadvantages of mutual funds, if any?" (two mentions allowed).

[c] "How about the cost of getting into a mutual fund. Is this cost justified or not?"

[d] "Would you say that on the average during the last two years a person who bought mutual fund shares did better or worse than a person who bought shares of individual companies?"

PART TWO

THE OUTLOOK FOR CONSUMER DEMAND

INTRODUCTION

THE importance of studying consumers' attitudes and inclinations to buy was convincingly demonstrated during 1969 and 1970. At a time when changes in consumers' spending and saving behavior were especially significant, and instrumental in bringing about a recession in the economy, data on consumer sentiment provided an advance indication of those changes.

Consumer demand for big-ticket durable goods, housing, and leisure time pursuits declined greatly during the winter of 1969-1970 and remained depressed through 1970, staying below the level that might have been expected on the basis of changes in such general economic indicators as disposable income and the money supply. The personal saving rate increased substantially. These developments, which had a considerable impact on sales, employment, and profits in many industries, were foreshadowed by a sizable deterioration in consumer sentiment, which declined sharply in May, August, and November of 1969 and remained at a low level throughout 1970.

It is the objective of the Survey Research Center's quarterly surveys, not only to measure changes in consumers' attitudes and expectations, but also to understand *why* these changes occur, and *how* these changes affect decisions to make discretionary purchases or to save. It is essential to know which of many factors have an important impact on consumers at a given time, and to learn how these factors may influence consumers' response to changes in income, or changes in taxes, interest rates, and prices. People do not respond mechanically to changes in these economic variables. An increase in disposable income does not necessarily lead to an increase in spending. A decrease in tax rates, as in 1970, may not be much noticed and therefore may not stimulate spending. How consumers may react to a change in interest rates or prices depends heavily on past experience and on expectations concerning future changes.

Therefore, the study of movements in traditional economic statistics available from government agencies, such as disposable income or the money supply, does not suffice. A change in disposable income may or may not have a direct influence on consumers' spending and saving decisions, depending on the circumstances and on the extent to which consumers may be aware of the fact that the change has occurred. In addition, a change in either disposable income or the money supply may have an indirect influence on consumer behavior through induced changes in other factors–for example, in interest rates, liquid asset balances, or credit availability–again depending on the circumstances. It is essential to trace these changes, and how consumers respond to them, in order to understand the consequences of fiscal or monetary policies, or other movements in the economy. Consumers' attitudes and expectations, as well as their hopes and fears, play a crucial role in determining changes in discretionary spending and saving behavior under various circumstances.

One of the hallmarks of an affluent society is that very many consumers have great discretion in how they use their income. Today, for the great majority of American families, expenditures on necessities that must be bought at a certain time, or on items routinely or habitually bought, are a good deal smaller than disposable income. Much spending is postponable, especially for big-ticket durable or leisure time items, which are typically bought because they are desired rather than because the buyer has an urgent need. Very many consumers possess the means to make large discretionary purchases when they so choose, either out of savings or through the widely accepted use of credit. This is why fluctuations in consumers' discretionary demand depend, not only on changes in consumers' *ability* to buy, but also upon changes in their *willingness* to buy. To be sure, an increase in consumers' incomes will, all other things equal, result in an increase in spending. But all other things are not always equal. Consumers' willingness to buy, measured by the Survey Research Center, may improve or deteriorate autonomously, that is, for reasons other than income changes.

As will be clear to the reader of the next four chapters, which detail findings from four quarterly surveys conducted during 1970, the Center's studies of consumer sentiment make use of 25 or 30 different questions. A large fraction of these are open-end questions which respondents answer in their own words. These questions probe to find out what thoughts and attitudes are most salient to consumers at different times.

Some questions deal with issues and events that are of current significance, but many other questions are repeated in all successive surveys to provide a measure of change in consumer attitudes. Both types of questions are important for assessing consumer sentiment. Nevertheless, in order to provide a convenient summary measure of consumers' willingness to buy, the Center has for almost 20 years published an Index of Consumer Sentiment based on five key questions repeated in each survey. It should be emphasized that the Index contains only a fraction of the information available concerning changes in consumer sentiment.

At certain crucial points in the past, as in 1969, the Center has reported on changes in willingness to buy which occurred prior to major turning points in durable goods sales. For example, the sharp increase in automobile sales in 1955 was foreshadowed by a rise in consumer sentiment in mid-1954. Both in 1966-67, when the last previous decline in sales of durable goods occurred, and in 1957-58, the period of the sharpest postwar recession, the Index provided correct indications six to twelve months in advance. Data for these two periods and for 1969-70 are presented in Chart 1.

In all three periods, the Index proved to be a good leading indicator of the direction of changes in expenditures on durables, the number of new cars bought, and amounts of installment debt incurred. In 1957, these and other manifestations of discretionary consumer behavior began their sharp decline only in the last few months of the year. In 1966, the mini-recession was not visible until the end of the year when it was most pronounced in automobile sales. Similarly, in 1969-70 the slowdown in consumer demand, especially for new cars, became pronounced only in the first quarter of 1970, some seven or eight months after sentiment began its sharp decline.

The Index of Consumer Sentiment provides an indication of changes in consumers' willingness to buy, but does not take account of changes in consumers' ability to buy.[1] When considered jointly with trends in consumers' disposable income, the Index provided an advance indication of the extent of the decline in consumer spending that occurred in the three periods shown in Chart 1.

The sharp deterioration in sentiment during 1957 and early 1958 was accompanied by only small gains in real income during 1957, and even some decline during the winter of 1957-58. The result was the deepest of the postwar recessions, followed by a rapid recovery in consumer spending in mid-1958 due to the sharp turnaround in both sentiment and real income during the second quarter of 1958.

Income gains were quite widespread throughout 1966 and 1967, and their persistent advance contributed to an early reversal of the downturn in sentiment which occurred during 1966. Therefore, in 1966-67 only a brief mini-recession took place.

In 1969-70, yet a different pattern emerges. Sentiment fell sharply in the last three quarters of 1969. Real income continued to grow, although somewhat less rapidly than in previous years. The combination made for a recession less deep than in 1957-58, but more severe than in 1966-67. Furthermore, sentiment failed to recover from its very low level during 1970, making it possible to predict in the second quarter that consumers' spending

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[1] The Index is also not adjusted for growth trends in population or in the economy. It should therefore be used in regression equations only after these trends have been removed from other variables.

would remain fairly sluggish through the end of the year, even if the automobile strike had not occurred.

One simple way to take account of the joint influence of changes in sentiment and changes in real disposable income is to multiply the two series together, after calculating the appropriate relative weight for each. The resultant data set—"Index Times Income"—is plotted in Chart 2, and provides a rather good prediction of the extent of the change in various measures of spending and debt incurrence for automobiles during the six months following the survey quarter.[2]

What are the major factors that have made for changes in consumer sentiment during the last few years? The five-year period from 1961 to early 1966 was characterized by an almost unbroken upward trend in expenditures for durables, matched by an increase in consumer income and an improvement in attitudes. Sentiment reached a peak in the second half of 1965, but declined throughout 1966 under the impact of worries about inflation, uncertainty and misgivings about the war in Vietnam, rising interest rates, and the proposal to increase income taxes.

During the first three quarters of 1967 consumer sentiment recovered more than half of the ground lost in 1966. But the recovery was tenuous because, according to survey findings, it resulted mainly from the fact that people had grown accustomed to the worries that had depressed sentiment in 1966. The war, inflation, and threat of a tax increase were no longer new and had lost some of their impact.

The rate of personal saving out of income (as calculated by the Commerce Department) had broken through the 7 percent level in the fourth quarter of 1966. As the year 1967 progressed, many experts maintained that this high rate would not and could not be maintained. The continued uncertainty among consumers during 1967 suggested otherwise.

The year 1968 was characterized by very frequent and large gains in personal income. At the same time a large proportion of consumers expected further income gains in the future, and optimistic expectations were not dampened by the introduction of the surtax.[3] On the other hand, rising prices created uncertainty and hesitancy among consumers so that, on the whole, there was a sidewise movement in consumer sentiment during 1968. At the year end, consumer sentiment was strengthened somewhat by hopes regarding an end to the war in Vietnam due to the cessation of bombing in North Vietnam, and the election of Mr. Nixon to the Presidency.

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[2] In 1957 the Index Times Income measure declined twice as sharply as in 1969.

[3] In June 1968, Survey Research Center data indicated that the income tax surtax passed in mid-year would have little, if any, restraining effect on consumer demand during the second half of 1968. See the *1968 Survey of Consumer Finances*, p. 179.

The year 1969 brought a disappointment of expectations regarding both an end to the war and actions by the new administration that would have strengthened the economy. An acceleration in the rate of inflation, as well as tight money and high interest rates, were well known and represented bad news. Later in 1969, the news that the administration would permit a business slowdown and rising unemployment in order to combat inflation intensified consumers' apprehension.

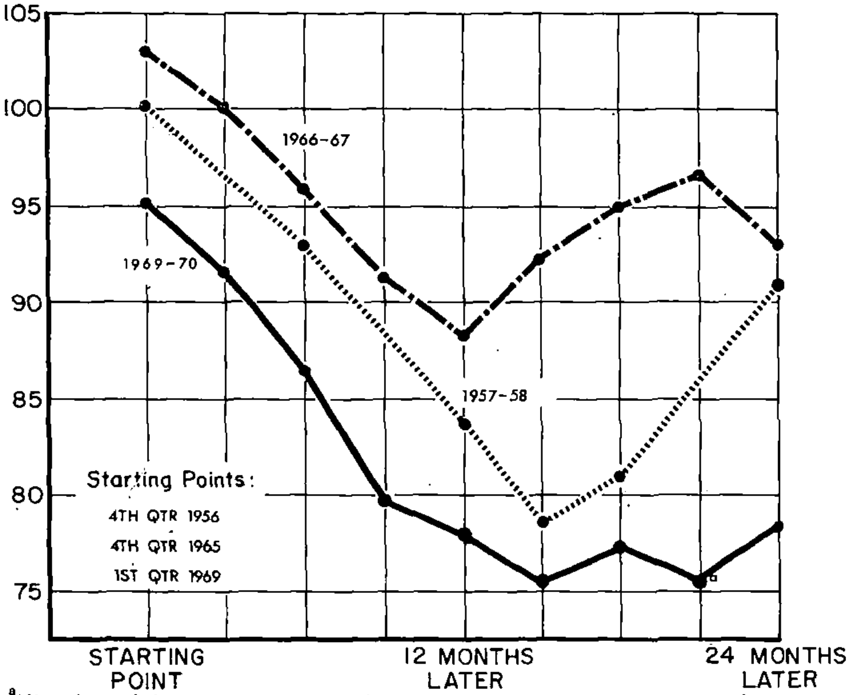
During 1970, consumer attitudes and expectations were greatly influenced by awareness of unemployment and recession. Expectations about inflation continued to play a role. Consumers were especially conscious of price tags in the first half of the year. Many people said it was a bad time to buy because prices were high, but at the same time many other people believed that because of slack demand good buys would be available. On balance, sentiment drifted somewhat lower during the first half of 1970. The first faint signs of recovery in consumers' expectations were noted in August, but were dashed by the long automobile strike which was viewed as a factor contributing to both unemploymant and inflation. The impact of the strike was greatest on the attitudes of consumers with family incomes of less than $10,000.

As the year 1971 began, the crucial question was how fast consumer sentiment might recover. There were reasons for optimism because the long-run attitudes and expectations of consumers had held up better than short-run sentiment. These longer run attitudes are discussed in some detail in Chapter 13.

How fast sentiment would improve in 1971 appeared to depend upon the extent to which consumers might become aware of an improvement in the economy. Automobile sales early in the year would benefit from a catch-up following the strike, and the housing market could be expected to respond strongly to the abrupt fall in interest rates. It seemed likely that consumers would become increasingly accustomed to inflation, thereby lessening the adverse impact of that factor. The new small cars, fairly well received by consumers, could stimulate auto sales. Nevertheless, despite these favorable indications, the very low level of the sentiment index late in 1970 argued against a rapid boom in consumer spending in the first half of 1971, but instead indicated a more moderate recovery in discretionary outlays. Continuing dissatisfaction with the social climate—problems of the cities, crime, the war—contributed to a general malaise that made a sharp recovery in consumer sentiment rather unlikely.

The findings obtained in the Center's quarterly surveys conducted during 1970 are presented in the following four chapters. Immediately following each survey, detailed reports are sent to business firms and other institutions who subscribe to the reports and thus make the surveys possible. A few weeks later, a brief release containing highlights of findings is issued to the press. During the following year, the reports are published in full in this series of monographs, unchanged except for matters of style and the omission of duplications. To avoid repetition in each chapter, a number of tables relevant to the outlook for consumer demand will be found following Chapter 12. In addition to data for 1969 and 1970, many of these tables include, for comparison, data for the fourth quarter of 1965 when consumer sentiment was at a record high level, and for the fourth quarter of 1966, which was the lowest point recorded during the 1966-67 period.

CHART 1
Change in the Index of Consumer Sentiment in Three Periods
(First Quarter 1966 = 100)

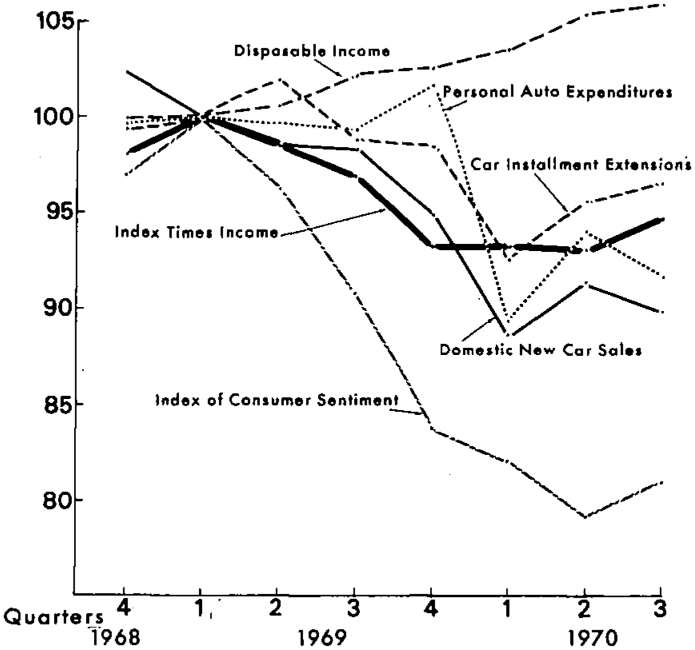


[a] Adjusted upward three points to compensate for the temporary impact of the auto strike on consumer sentiment, as suggested in the SRC report on this survey conducted during the strike in Oct.-Nov. 1970.

CHART 2

Consumer Attitudes and Behavior: Recession of 1970

All Data: 1st Quarter 1969 Equals 100



Income, personal automobile expenditures, and debt in constant dollars seasonally adjusted. Number of domestic new car sales, from the Survey of Current Business, seasonally adjusted. Because of supply disruptions due to the automobile strike, the average data for July and August were used for the third quarter of 1970, and data for the two subsequent quarters were not used.

In order to construct the measure "Index Times Income" as plotted above, relative weights were assigned to the quarterly values of the Index of Consumer Sentiment and to disposable income before multiplying the two series. This was necessary because quarterly percentage changes in the Index are substantial in comparison to the changes in disposable income. (The percentage changes in income would be much larger if measured against supernumerary or discretionary income, which constitutes only one-fourth or one-third of total income.) That relative weight was determined which achieves the optimum fit, in terms of a minimum sum of absolute deviations, in a bivariate equation over the period from 1966 through the third quarter of 1970. "Index Times Income" was the independent variable and Personal Automobile Expenditures the dependent variable in that equation.

9

THE OUTLOOK FOR CONSUMER DEMAND, FEBRUARY 1970

Highlights

FROM November 1969 to February 1970 the Survey Research Center's Index of Consumer Sentiment declined from 79.7 to 78.1. This decline of 1.6 points stands in sharp contrast to the declines of 6.7 and 5.2 points in the fourth and third quarters respectively of 1969 (see Chart 1 in the Introduction to Part II). Although the change was relatively small in the first quarter of 1970, it should be noted that this was the fourth successive quarter of deterioration in consumer sentiment. The total decline over twelve months amounted to not less than 17 points. Some consumer attitudes did not deteriorate during the three months prior to February 1970. The deterioration was primarily in consumer expectations concerning the future course of business under the impact of unfavorable news about rising unemployment, sluggish sales, and tight credit conditions.

The precipitate decline in sentiment recorded during the last three quarters of 1969 continued into early 1970 among families with incomes of $10,000 or more. Among those with lower incomes, however, the deterioration was arrested in February 1970, and for the first time since late 1966 the Index for high-income families was below that for low-income families (Table II-1).[1]

Survey data in November 1969 suggested that consumers had received the administration's message that a fight was being waged against inflation, and that success would require slowing down the economy with some rise in unemployment and shorter hours.[2] During the next few months events

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[1] Tables having the prefix II relate to Chapters 9 through 12 of Part II and will be found on pages 207 through 231 of this volume.

[2] *1969 Survey of Consumer Finances*, pp. 223-224.

reinforced expectations about a slowdown in business, but the same was not true of the progress made in reducing the rate of inflation.

To be sure, in the first quarter of 1970 a sizable group of consumers came to believe that it was a good time to buy big-ticket durable items, especially cars, because sales were slow and good buys were available (Tables II-21 and II-22). Nevertheless, there was hardly any decline from the last half of 1969 in the large proportion of respondents who pointed to high prices as a reason why it was a bad time to buy, or as a reason for being worse off financially than a year earlier. Nearly three out of five still believed that inflation would continue at the same or a higher rate in the next twelve months as it had in the past twelve.

Therefore, while inflation was not so important a cause of the deterioration in sentiment during the first quarter of 1970, as it had been in the second and third quarters of 1969, the apparent lack of success in the fight against inflation served to hold sentiment, and thereby discretionary spending, at a much lower level than would otherwise have been the case. These findings suggested that consumers would be especially price-conscious in the first half of 1970. Had a trend toward less inflated prices become evident during that period, it would unquestionably have provided a strong impetus for spending on durable goods and leisure-time pursuits.

High interest rates and tight money also served to depress sentiment early in 1970. A somewhat larger proportion of respondents than in late 1969 mentioned credit conditions as a reason why it was a bad time to buy large household goods or cars, or as a reason for expecting bad times during the year ahead. With respect to single-family houses, more than two-thirds of respondents with an income of more than $10,000 mentioned credit as a reason why it was a bad time to buy a house. As with inflation, if, during the first half of 1970, interest rates had been lower and money had become more available to such an extent that people noticed the change, consumer sentiment would have been given a lift.

The outlook for consumer demand depends at any time, not only on people's attitudes and expectations, but also upon what has happened and what will happen to consumers' ability to buy. Income gains were widespread during the latter half of the sixties, a major factor contributing to the sustained high proportion of income spent on durable goods during those years. In the February 1970 survey, fully 55 percent of all families (and 72 percent of high-income families) reported an income higher in 1969 than in 1968, proportions as high as in any previous year. But inflation had taken its toll, and the proportion of families claiming to be better off financially was just over half as large, while many respondents without income gains said they were worse off.

Looking to the future, the February 1970 survey found some decline from a year earlier in the proportion of families with incomes of $10,000 or more who expected their income to be higher in 1970 than in 1969. A commensurate drop was found in the proportion expecting to be better off a year later. In the absence of real progress toward a lower rate of inflation, the outlook for consumer demand during 1970 was heavily dependent upon the growth of incomes during the first half of 1970.

The modest growth in real disposable income per capita during the fourth quarter of 1969, together with the depressed level of consumer sentiment early in 1970, indicated unfavorable prospects for consumer durables over the short run. At the same time that an increased number of consumers were out shopping for bargains, others could be expected to postpone discretionary purchases. In the automobile industry, particularly with respect to compact and the new subcompact cars, the outlook was for some slight improvement over January and February sales rates, at least in terms of unit sales.

Whether the recession evident in consumers' discretionary purchases early in 1970 would be of short duration depended heavily on the future courses of inflation, unemployment, and incomes. Past experience indicated that consumer attitudes and expectations can turn upward quite rapidly after a sustained period without good news when significant good news finally arrives. But without good news in the spring of 1970 consumers could not be expected to increase their spending above the depressed first quarter levels. Therefore, it was recognized in February 1970 that the survey findings were not inconsistent with the possibility of more lengthy recession than was envisaged by most forecasters at that time.

On the other hand, a consideration of the Consumer Sentiment Index jointly with income--willingness and ability to buy (see Chart 2 in the Introduction to Part II)--suggested the possibility that a turning point might come during 1970. The danger was that low consumer demand in the first half of 1970 might exert such an influence on other sectors of the economy, primarily business investment, as to further depress employment, incomes, and consumer sentiment. The reduction of the surtax on January 1, 1970, went practically unnoticed by consumers, and therefore could not be counted on to save the day by stimulating consumers to spend, especially in the absence of rapid gains in before-tax incomes.

The Index of Consumer Sentiment

The five questions from which the Index of Consumer Sentiment is constructed did not register uniform changes in February 1970. Responses to two of the questions, relating to business conditions expected during the next year and the next five years, showed sharp declines, while three of the questions, relating to perceived and expected changes in the personal financial situation and to the appraisal of buying conditions, showed slight improvements. This was in contrast to the second, third, and fourth quarters of 1969 when the deterioration spread to all five questions. Conclusions derived from changes in the Index are strengthened when all components of the Index move in the same direction. When a relatively small decline in the Index results from divergent movements among its components, as happened in February 1970, the conclusion that a significant change has occurred is much less warranted.

Among those families with incomes of $10,000 or more, however, four components of the Index showed a decline in the first quarter of 1970, while only one, the appraisal of recent changes in the personal financial situation, improved slightly. Studies conducted over twenty years have failed to disclose any superior predictive value of changes in the sentiment of upper-income respondents. On the whole, depending on the circumstances, the best indicator of forthcoming trends has been the Index constructed for all families rather than for families with, say, more than $10,000 income, even though the major outlays of the latter are more numerous. Nevertheless, the fact that the attitudes of upper income-families continued to deteriorate sharply in February 1970 suggested that the small decline in the all families Index should not be minimized.

Of particular interest is a comparison of data obtained in 1969 and early 1970 with data obtained prior to two previous recessions. Three periods are compared in Chart 1: the trend in 1969-70, the trend prior to and after the mini-recession of 1966-67, and the trend prior to and after the sharpest postwar recession of 1958.

Over the five quarters from November 1956 to February 1958 the Index dropped sharply and continuously. From November 1965 to November 1966, over four quarters, the Index likewise declined. In 1969-70, the fourth quarterly decline occurred in February 1970. In all three periods, when the rate of growth in real disposable incomes is also considered, the data shown in the charts proved to be good predictors.[3] In 1957 expenditures on durables, the number of new cars bought, and the amounts of installment credit incurred remained high until near the end of the year. In all these indicators of discretionary consumer outlays a sudden sharp drop occurred during the last few months of 1957 and in the first quarter of 1958, which was foreshadowed by the Index of Consumer Sentiment as early as the spring of 1957.

In 1966 likewise, all statistical indicators of consumer demand remained fairly high. What may be called a mini-recession occurred in the first quarter

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[3] The Index is not adjusted for either population or income growth. When in addition to changes in sentiment, changes in consumers' ability to buy are also considered, as in Chart 2, indications of the probable magnitude of change in consumers' discretionary demand are obtained.

of 1967 and was most visible in automobile sales. The sharp drop in consumer sentiment during the entire year of 1966 provided ample warning.

In 1969 consumer demand, including purchases of new cars, remained high through the summer. The deterioration in consumer sentiment beginning in May 1969 foreshadowed developments late in the year and in the first quarter of 1970.

The three time periods discussed above differed greatly with respect to the rate of growth in real disposable incomes. Throughout the 1966-67 period real income gains continued at a high level. This is one very important reason why the 1967 recession in the consumer sector was quite mild and short-lived. In contrast, throughout 1957 gains in real income were very small, followed by a decline in the first quarter of 1958. The data for 1969 lay between these two extremes in that real incomes showed considerable growth through the first three quarters of the year, but hardly any growth in the fourth quarter.

These different patterns are reflected in a comparison between findings on consumer sentiment for the fourth quarter of 1957 and those for the first quarter of 1970, both twelve months after the "starting points" shown in Chart 1. Consumers' evaluation of their current financial situation as against a year earlier was the only component of the Index significantly higher in early 1970 than in late 1957. On the other hand, expectations about business conditions were much more pessimistic in February 1970 than in November 1957.

Expected Business Conditions

The proportion of American family heads expecting bad times during the next twelve months increased substantially in February 1970 (Table II-2). This opinion was expressed by a greater proportion than at any time during the previous twenty years. Opinions about the course of business during the next five years likewise deteriorated, as they had continuously during 1969 (see Table II-6).

Major reasons for this worsening of consumer sentiment can be found in the answers to questions about news heard, as well as about current business conditions. When asked about news heard during the past few months, an unusually large proportion of respondents mentioned unfavorable news and a very small proportion favorable news. The number of respondents not able to report any news heard was unusually small in February 1970 (Table II-7). At the same time, a substantial and sharply growing proportion of respondents indicated awareness of a slowdown in business having already taken place. No fewer than 44 percent of all respondents and 53 percent of respondents with an income of more than $10,000 said that present business conditions were worse than a year earlier (Table II-3). It appears that many people, as recently as three months earlier, were not aware of such developments.

In reply to questions about the kind of news heard and also about the reasons for expecting bad times, respondents most frequently mentioned an increase in unemployment, tight money, and rising prices. Expectations about growing unemployment, which had already worsened greatly in the fourth quarter of 1969, became still more unfavorable in February 1970 (Table II-8). Attitudes toward inflation and interest rates will be discussed in the next section.

Not all of the February 1970 findings about expected business conditions were unfavorable. When respondents were asked whether in their opinion business conditions would be better or worse a year later, substantially the same replies were obtained in February as three months earlier (Table II-4). The proportion expecting further deterioration in the economy did not grow, although the "base line" had shifted. When the same proportion expects a deterioration at time points 1 and 2 and business conditions are seen as being worse at time point 2 than at time point 1, then the findings indicate a spread of pessimism. Yet the findings also suggest that it is primarily the trend that people have already experienced, rather than fears of new adverse developments, which influence their opinions.

Pessimistic notions on business trends were held by less than a majority of respondents in February 1970, as can be illustrated by cross-tabulating opinions about current and expected business conditions. In Table II-5 only 17 percent of respondents were so pessimistic as to say that business conditions were not only worse than a year earlier but also would be still worse a year later. Combinations of the opinions "same" and "worse" were expressed by an additional 22 percent, most of whom said that business was worse than a year ago but would not deteriorate further.

Opinions about the probability that a recession would recur showed very little change in February 1970, although they had become substantially less optimistic in the fourth quarter of 1969. While 41 percent said in February 1970 that a recession was likely to happen again, apparently fears of an imminent recession had not become more widespread during the previous three months.

Inflation, Tight Money, Taxes, and the Stock Market

In the February 1970 survey respondents were asked both about the extent of price increases during the past year and the extent of price increases expected during the next year. A substantial rate of inflation (6 percent or more) was mentioned much more frequently regarding past than regarding expected price trends (33 percent as against 13 percent). Both underestimation and overestimation of past price increases were rather frequent.

The answers received about expected price increases in February 1970 were rather similar to those received during most of 1969 (Table II-17). In November 1969 somewhat fewer respondents expected sizable price advances, which may have represented a temporary reaction, not subsequently reinforced by events, to the administration's message that the fight against inflation would be won. In any case, the one-time finding recorded in November 1969 should not be given great weight.

In answer to a subsequent direct question, the proportion of respondents saying that price increases during the next twelve months would be larger than those in the past twelve months exceeded the proportion saying that increases would be smaller (Table II-18). These data were little changed from three months earlier and the subjective notion that the rate of inflation would not slow down continued to prevail.

Inflation remained a salient concern, and people did not appear to have become accustomed to the continuous advance in prices. Nor did they expect that the government would be successful in slowing down inflation substantially. But the notion that fear of inflation had grown in recent months was likewise contradicted by the findings. There was no increase in the frequency with which higher prices were mentioned as a reason for unfavorable expectations about business conditions or as a reason for lack of improvement in the financial situation (Table II-14).

Turning to a second highly important development of 1969, tight money, the American people were well aware of rising interest rates in February 1970. No fewer than 69 percent of all respondents and 80 percent of respondents with an income of more than $10,000 said that interest rates on savings or on money borrowed had gone up during the previous few months. The majority of those who indicated such awareness thought that the higher interest rates would influence business conditions adversely. With respect to the future trend of interest rates, however, some improvement in expectations was noticeable. As shown in Table II-11, only 33 percent of all respondents said in February 1970 that interest rates would go up during the next twelve months, as against 41 percent three months earlier and no fewer than 61 percent nine months earlier. The base line of these expectations, people's notions about the interest rates prevailing at the time of interview, had of course shifted upward during this period.

Respondents were also asked in February 1970 whether in their opinion the federal income taxes people were paying in 1970 would be higher or lower than those paid in 1969, or whether they would remain the same. In reply, a sizable proportion said that income taxes would be *higher*.

Federal income taxes to be paid in 1970 will be	All respondents	Respondents with an income of $10,000 or more
Higher than 1969	42%	35%
Same	27	29
Lower than 1969	20	30
Don't know, not ascertained	11	6
Total	100%	100%

Obviously there were many people, and even many upper-income people, in February 1970 who did not know of the reduction in the surtax which had already taken place at the first of the year, or of the elimination of the surtax scheduled for July 1. The notion that income taxes were rising might in some cases have been influenced by higher social security taxes, or by income taxes which had to be paid April 15, 1970, on 1969 incomes.

Finally, there was widespread awareness of the decline in stock market prices. When asked in February 1970 what the stock market had done during the previous few months, 47 percent of all respondents and 77 percent of all stockholders spoke of a decline; most of the others professed not to know. About one-half of those aware of a decline in stock prices said that it would have an adverse effect on the economy. Yet both the stock market and taxes were rather infrequently mentioned when respondents were queried about why they expected bad times to come.

Personal Financial Situation

In the surveys conducted in the first quarter of every year detailed questions are asked to determine total family income before taxes in the preceding calendar year. Following this, in February 1970, respondents were asked to compare their 1969 income both with income they had had in 1968, and with the income they expected to have in 1970. Table II-12 indicates that the proportion of family units with income gains in 1969 amounted to 55 percent, and thus remained very substantial. The frequency of expected income gains is usually somewhat smaller than that of past gains; it amounted to 44 percent, which was only a little smaller than in the previous couple of years. Only among upper-income families were income expectations less favorable in early 1970 than during the preceding two years.

Respondents were asked to estimate the extent of their past and expected income increases. Among those with income gains in 1969, 35 percent indicated rather small gains (4 percent or less), 25 percent reported gains of 5-9 percent, 19 percent gains of 10-19 percent, and 13 percent had gains of more than 20 percent (with 8 percent not ascertained). Only those respondents with income gains of 10 percent or more, 18 percent of all families, may be viewed as having made substantial gains in real income.

The proportion of families with substantial expected gains in real income was likewise small. Only 16 percent of all families expected in February 1970 that their 1970 income would exceed their 1969 income by 10 percent or more. Although numerical income expectations are usually conservative, it is apparent that in 1970 as well as in 1969 only a minority of American families were achieving substantial gains in their real income position.

Under these circumstances people's subjective evaluations of the changes in their personal financial situation were significant. Among all respondents, 33 percent said in February 1970 that they were better off financially than a year ago (Table II-13). This proportion was much smaller than the proportion with income gains, but larger than the proportion with substantial gains in real income. The same was true of the proportion, also 33 percent, expecting to be better off a year later (Table II-19).

Of great importance in February 1970 was the finding that both tables (II-13 and II-19) showed stability compared to the previous quarter. Neither people's appraisal of past changes in their financial situation nor their expectations deteriorated from November 1969 to February 1970, in spite of continued price increases. An adverse trend was found only in regard to the financial expectations of upper-income people, which became less favorable.

The reasons given by respondents for past changes in their financial situation likewise remained rather stable. Income increases were mentioned as a reason for feeling better off as frequently in February 1970 as during 1969. Complaints about higher prices were made spontaneously by close to one-fourth of all respondents, just as in the two previous quarterly surveys. Yet the frequency with which lower income was mentioned as a reason for being worse off rose from 9 percent in November 1969 to 12 percent in February 1970.

Demand for Durable Goods

Consumers' opinions about buying conditions for cars and large household goods did *not* become less favorable during the three months prior to February 1970. That the deterioration in these attitudes had been arrested was an important finding in view of the quite substantial decline recorded during the third and fourth quarters of 1969.

Nevertheless, the proportion of respondents saying that it was a bad time to buy these big-ticket items remained on a very high level, nearly twice as high as in the second or third quarters of 1968. The small improvement shown in Table II-20 for the first quarter of 1970 is about equal to the normal seasonal change from the fourth quarter of the year.

Regarding families with incomes of $10,000 or more, it was not yet possible to say that the deterioration in market opinions had been arrested, particularly with respect to large household goods. There are two findings for high-income families in Table II-20 at variance with the data shown for all families: the proportion saying it was a good time to buy large household goods continued to decline in February 1970, and the proportion saying that the next twelve months would be a bad time to buy a car continued to increase.

While inflation remained the most important factor influencing these attitudes, there were substantial changes between November 1969 and February 1970 in the way respondents explained how price levels and price expectations affected their evaluations of market conditions.

First, there was a large increase in the proportion of respondents saying that it was a good time to buy because prices were low and good buys were available. This change was especially noteworthy with respect to cars, where the proportion jumped from 6 to 25 percent. At the same time, however, the proportion saying that it was a bad time to buy because prices were high remained quite large, namely 24 percent. Again with respect to cars, this represented some improvement from the still higher figure of 29 percent chalked up in November 1969 (Tables II-21 and II-22).

Second, there was a noteworthy decrease in the proportion of respondents saying that it was a good time to buy because prices were expected to go higher, or at least not come down. However, this change affected fewer respondents than did the increase in the proportion saying that it was a good time to buy because good buys were available.

Among high-income respondents, those with incomes of $10,000 or more, the changes were similar in direction but even greater in extent. Fully 33 percent of these respondents said that it was a good time to buy a car because prices were low, in contrast to only 8 percent three months earlier.

Changes like those just described have at certain crucial times in the past occurred near a turning point in consumer attitudes. While the expectation of a high rate of inflation affects opinions about market conditions in two directions (some people say it is a good time to buy before prices go higher while others say that high prices make it a bad time to buy), the impact of inflationary expectations on attitudes toward the personal financial situation is unambiguous. Since the mid-fifties the net effect of an increase in inflationary expectations, whenever that has occurred, has been to depress consumer sentiment and therefore discretionary spending. Creeping inflation, as in early 1970, is greatly resented because income gains are reduced in real terms and because consumers have to spend more on necessities (such as food) and less money remains to buy things that people would like to have. That a sizable group of respondents had come to believe good buys were available had to be counted a plus factor in February 1970.

An unusually large number of respondents mentioned either high or low prices when explaining their opinion about market conditions for cars and large household goods. Especially for cars, the ratio of favorable to unfavorable price mentions improved considerably during the three months from November 1969 to February 1970. The automobile market was at a disadvantage in this respect in 1969, but not in the first quarter of 1970.

Intentions to buy new cars stood at approximately the same level in February 1970 as they had been one year earlier. In November 1969 they were less frequent than in November 1968. Plans to buy used cars changed little during the three months prior to February 1970 and remained somewhat less frequent than during the first three quarters in 1969 (Table II-24). At times when consumer sentiment, especially attitudes toward the automobile market, has been depressed, as was the case in February 1970, it is particularly difficult to evaluate automobile intentions data. Possibly some people who had postponed the purchase of a car continue to express an intention to buy.

Market conditions for single-family houses continued to be evaluated very unfavorably in February 1970, with a further small increase, to 65 percent, in the proportion of respondents saying that it was a bad time to buy a house (Table II-20). Nearly all of these people identified interest rates and tight money as the reason, while a substantial number mentioned high prices as well (Table II-23). With respect to market conditions for houses, and also for cars and household durables, there was some increase over the three months prior to February 1970 in the proportion of respondents mentioning credit conditions as a reason why it was a bad time to buy.

Intentions to make additions or repairs to the home were only slightly below the level of the previous few years. In contrast to planned home improvements, intentions to buy houses for owner occupancy remained fairly low compared to what they were a few years ago.

Whether will make additions or repairs to house during next 12 months	1st Qtr. 1967	1st Qtr. 1968	1st Qtr. 1969	1st Qtr. 1970
Yes, probably	22.9%	23.6%	23.5%	21.7%
Possibly	7.5	5.1	6.0	5.9
No	69.4	71.1	70.2	71.6
Don't Know	.2	.2	.3	.8
Total	100.0%	100.0%	100.0%	100.0%

The questions were: "Do you expect to make any large expenditures for work on this house or lot during the next 12 months—things like upkeep, additions, or improvements, or painting or decorating?"

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THE OUTLOOK FOR CONSUMER DEMAND, MAY 1970

Highlights

THE Index of Consumer Sentiment declined to 75.4 in the second quarter of 1970 from the 78.1 of the first quarter. The rate of deterioration was moderate in both quarters: the decline in the Index of 4.3 points during these six months compares with a decline of 11.9 points in the preceding six months between May and November 1969.

Among families with an income of more than $10,000, however, apprehension and misgivings increased greatly in 1970, and during the first two quarters the Index value calculated for upper-income families declined sharply. Usually the Index value for upper-income families is higher than for lower-income families, but in the first half of 1970 the reverse situation was observed.

During the two quarters prior to May 1970 the components of the Index moved differently, while in 1969 all of them declined. Expectations about business conditions deteriorated greatly while personal financial expectations and notions about buying conditions remained practically unchanged. The proportion reporting and expecting income increases continued to be high. Although many more people knew that business conditions were worse than three or six months earlier, the proportion expecting a further deterioration from prevailing levels did not increase.

The findings cited in the last paragraph were viewed as relatively favorable indications. They are reinforced by a glance at Chart I presented in the Introduction to Part II; the bottom line demonstrates the slower rate of decline in the Index during the first half of 1970. Moreover, the Index of Consumer Sentiment—which is not adjusted for income or population trends—reflects but one of the two factors that determine consumers' discretionary expenditures. The Index indicates changes in the direction of consumers' *willingness* to buy. When changes in their *ability* to buy are also considered, it becomes apparent that the extent of the deterioration in 1969-70 was considerably smaller than that prior to the sharpest postwar recession in 1957, although it was much greater than that prior to the mini-recession of 1966-67. There was undoubtedly a recession in the consumer sector in May 1970, but a mild rather than a sharp one.

On the other hand, the extent of consumer apprehension should not be underestimated. The deterioration in sentiment had continued for fifteen months and readings in May 1970 show that it had slowed down rather than ended. Indications of a bottoming out were more pronounced in the first than in the second quarter of this year. Intentions to buy cars were 20 percent lower in May of 1970 than a year earlier. A turning point was not yet in sight. This conclusion is reinforced by an analysis of the reasons for the changes in consumer sentiment to which we now turn.

Good news reporting a slowdown of inflation or lower interest rates, as some analysts expected earlier in the year, was not forthcoming. The major news reaching consumers concerned the expansion of the war in Indo-China and an increase in domestic unrest. However, according to survey findings, the deterioration in consumer sentiment was caused mainly by increased awareness of the economic slowdown and growing unemployment. Under these conditions it is significant that expectations about a further rise in prices and in unemployment did not become more unfavorable during the second quarter of 1970. The increase in interest rates was widely noted and viewed as an unfavorable indication. On the other hand, a decline in interest rates was expected by more people than three months earlier. In answer to a direct question the survey found widespread knowledge of what happened on Wall Street, especially during the first two weeks in May, but relatively few people mentioned the market decline as a reason for pessimistic expectations about the economy.

Favorable news continued to be reported quite infrequently, and no sign of a slowdown of inflation was in sight. Inflationary expectations did not become more pronounced, but continued to dampen consumer sentiment. The belief that under unfavorable conditions good buys were available, especially in the automobile market, arrested the deterioration in evaluations of buying conditions for durable goods.

Expected Business Conditions

The continuation of the decline in the Index of Consumer Sentiment in 1970 resulted from a worsening of people's expectations about forthcoming business trends. Evidence for this statement is presented by comparing the changes in the answers to the five questions from which the Index is constructed in 1969 and in 1970.

Components of Index	Change in frequency of favorable minus unfavorable answers, in percentage points	
	6 months from May to Nov. 1969	6 months from Nov. 1969 to May 1970
Business conditions during next 12 months	-28	-20
Business conditions during next 5 years	-14	-17
Evaluation of present personal financial situation	-6	+3
Expected personal financial situation during next 12 months	-6	+3
Good or bad time to buy durables	-26	0
Change in Index	-11.9	-4.3

Most of the time during the past 25 years the great majority of the American people thought that business conditions would be good during the next twelve months. In May 1970 the proportion who said that times would be bad exceeded the proportion who said that they would be good (Table II-2). The reversal of these opinions was especially pronounced among upper-income people. In May 1969 the proportion expecting good times exceeded the proportion expecting bad times by 58 percentage points among families with more than $10,000 income; twelve months later the proportion expecting bad times was 9 percentage points higher than the proportion expecting good times.

The major reason for this great change was awareness of a deterioration in prevailing business conditions. For the first time in many years the majority of Americans, and more than two-thirds of upper-income people, said without qualification that business conditions in May 1970 were worse than a year earlier (Table II-3).

In sharp contrast to the answers received when respondents were asked to look backward were their answers about expected changes in business conditions. They did not deteriorate during the six months prior to May 1970. At that time 25 percent of respondents expected that a year from then business conditions would be worse and 20 percent that they would be better, proportions similar to those found in February 1970 (Table II-4).

The difference in the trend of the answers to backward and forward-looking questions is easily understandable. The worse current conditions are in public opinion, the greater is the pessimism expressed by the answer that in twelve months the economy will be in still worse shape. Therefore the one-fourth of respondents who expected further deterioration in May 1970 were more pessimistic than those who gave the same answer three or six months earlier. The same is true of those who expected unchanged business conditions during the next twelve months.

Nevertheless, it is significant that in May 1970 only a somewhat larger number of people expected further worsening of business conditions than expected an improvement. Roughly one-half of all people expected business conditions to be the same twelve months later, indicating a belief in a mild recession.

The relation of the evaluation of current to expected business conditions as given by individual respondents is shown in Table II-5. Those who were outright pessimistic, that is, who answered "worse" to both questions in May 1970, represented 19 percent of all respondents or only one-third of those who were aware of a worsening of business conditions during the previous twelve months. Three months earlier 17 percent, and six months earlier 14 percent answered "worse" to both questions.

The proportion of respondents who thought that a recession "like we had in 1958 and in 1960" was likely to happen again increased slowly but consistently during the twelve months prior to May 1970 (Table II-9). Only 23 percent said that a recession was not likely to happen again as against 43 percent in November 1968.

Expectations about the future course of unemployment were slightly more favorable than three months earlier (Table II-7). There was a radical change in opinions about prospective unemployment between early 1969 and early 1970, but the pessimistic trend did not continue during the quarter preceding May 1970.

The frequency with which respondents mentioned having heard bad news about business conditions remained very high. In November 1968 only 16 percent cited news on unfavorable changes in the economy, in February 1970 this was done by 60 percent, and in May the frequency was 61 percent (Table II-7). The higher the income, the more frequent were such references.

Finally, opinions about business conditions during the next five years worsened continuously and substantially during a period of more than a year (Table II-6). In May many more people thought that on the whole we would have bad times during the next five years than that we would have good times. These longer range business expectations reflected the depth of apprehension among a large proportion of consumers.

Inflation, Interest Rates, and the Stock Market

When respondents were asked to tell why they thought that business conditions would be unfavorable and about the kinds of economic news they had heard, the two most frequently mentioned developments were a drop in employment and inflation. Tight money and high or rising interest rates were also mentioned rather frequently, as were changes in specific industries, especially the decline in automobile sales and strikes. A small proportion of respondents referred to international developments and a still smaller proportion (2 percent) spontaneously mentioned the stock market as having an unfavorable impact on the economy.

The survey included specific questions concerning inflation, interest rates, and the stock market. Neither perceptions of past price increases nor expectations about future price increases changed much during the three months prior to May 1970. Regarding the latter, Table II-17 shows that there were no sizable changes for a rather long period. In comparing the extent of past with expected price increases, it was true in February and remained true in May that there were more people who spoke of substantial (more than 10 percent) past than of substantial future price increases. The higher the rate of expected price increase the more unfavorable were people's attitudes and expectations both about their own and the economy's prospects.

	Past year*		Next year*	
Price increases during	Feb. 1970	May 1970	Feb. 1970	May 1970
No increase, don't know whether will increase	5%	5%	22%	22%
1 or 2%	14	13	21	19
3 or 4%	9	8	11	8
5%	33	36	28	30
6-9%	13	10	4	5
10% or more	20	22	9	10
Don't know extent of increase	6	6	5	6
Total	100%	100%	100%	100%

*The questions were: "We'd like to know what's happened here in . . . (community name) . . . to the prices of things you buy. During the past year, have they stayed about the same, gone up, or gone down? About how much would you say prices have gone up during the last year—about 1 or 2 percent, or 5 percent, or closer to 10 percent, or what?"

The conclusion emerged that people remained aware of inflation and considered it a bad development although their concern with and complaints about it did not grow. Nor had the notion become more frequent that the rate of inflation had accelerated or would accelerate. At the same time the American people did not appear to share the opinion of some experts that the fight against inflation was making progress.

Further light on people's concern with inflation was shed by their answers to the following question: "Would you say that you and your family were hurt by inflation very much, a little, or not at all?" By far the most frequent answer was that oneself and one's family were hurt by inflation a little; a sizable proportion said that they were not hurt by inflation at all. The replies in May 1970 to the same question were quite similar to those in November 1969.

	All families		Families with an income of $10,000 or more	
Inflation hurts	Nov. 1969	May 1970	Nov. 1969	May 1970
Very much	15%	17%	13%	13%
Much	13	11	9	9
A little	55	50	60	55
Not at all	13	20	16	21
Don't know	4	2	2	2
Total	100%	100%	100%	100%

The opinion that inflation hurt very much was voiced primarily by people whose income had declined during the past year. The more frequent people's opinion that they were or that they would be better off financially, the more common was the answer that they were hurt by inflation a little or not at all. Even people with substantial income gains complained about inflation, but they were aware of compensating income trends. These answers indicated that inflation was not the only evil, and perhaps not the greatest threat, perceived by the people. Recession and unemployment were viewed as dangers by very many. Clearly, fear of losing one's job was not shared by all, but occasional layoffs or loss of overtime were seen as threats to financial well-being by broad groups of the population. Furthermore, as indicated by earlier studies, a recession was viewed as something to aggravate the social problems of which so very many people were aware—the inner city problems, the war against poverty, and problems of race.

Awareness of tight money continued to be widespread. In May 1970, as three months earlier, approximately two-thirds of all respondents said that interest rates paid on money borrowed had increased during the previous few months. (Among those who did not say so, the largest group professed not to know.)

When asked about the effects of rising interest rates on business conditions, the great majority of those who reported higher rates said that they would make for bad times or contribute to slowing down the economy. Altogether, 40 percent of all respondents said so. Again there was little change in this respect during the past year. Yet the prospects for changes in interest rates were viewed fairly favorably. As shown in Table II-11, in May 1970 the proportion expecting interest rates to go down during the following twelve months was larger than the proportion expecting them to go up. This was particularly true of upper-income respondents. Possibly, some people thought interest rates would go down only because they could not envisage a further rise in the prevailing high rates. Probably, some people gave an opinion on a matter to which they had not given any thought. Nevertheless, the answers received were viewed as indications of some underlying optimism.

In reply to the question "Do you happen to know what the stock market has done during the last few months," 52 percent of survey respondents (and 82 percent of stockholders) said that the market had declined. Considering only the interviews taken in the second half of April the proportion was 43 percent, while in the interviews taken in the first half of May, when the market trend worsened, it was 62 percent. In the later interviews many more people spoke of a great or substantial decline than in the earlier interviews. Repeatedly in the past it has been found that following large movements in the market–irrespective of whether they were upward or downward movements–a rather substantial proportion of Americans were informed about market trends, while at other times the answer "don't know" was rather frequent. The extent of awareness of the stock market decline in April-May 1970 was similar to that in 1962.

Respondents who spoke of a market decline were asked whether in their opinion business trends during the next few months would be affected by what happened on the stock market. In reply most people spoke of bad effects on the economy, but this answer was given by only 30 percent of all respondents. Yet the proportion speaking of an unfavorable impact on the economy was larger in May 1970 than in April of the same year, and it should be kept in mind that the market continued to decline sharply immediately after the close of the interviewing period on May 16.

In addition to the extent of the awareness of the stock market decline, there was just one survey question to which the answers differed substantially in May as compared to April. In reply to the question about business conditions during the following twelve months (Table II-2) in the second half of April 36 percent spoke of good and 39 percent of bad times to come. In the first half of May the two proportions were 31 and 42 percent, respectively. Even though the two half-samples were not exactly comparable, a deterioration in these attitudes is indicated. As to the cause of that deterioration, the survey did not provide any information. One may recall that what happened on the stock market was not the only difference between April and May. On May 1 President Nixon announced the extension of the war into Cambodia, and student unrest occurred in May but not in April. Possibly, what is surprising is that most consumer attitudes and expectations changed very little from April to May and not that business expectations worsened somewhat.

Personal Financial Situation

Reports on income gains continued to be frequent and reports on income declines infrequent. Among all families 48 percent reported making more in May than a year earlier and 15 percent making less. From February to May there was some deterioration in these reports among upper-income families (Table II-15). Nevertheless, questions about income received indicated a continuation of an increase in the proportion of families with more than $10,000 income before taxes.

The answers received to the question about making more or less differed substantially from those to a question about being better or worse off financially. Among those who were making more, 55 percent said that they were better off, 28 percent that they were in the same situation as a year earlier, and 15 percent worse off (Table II-16). The difference in the answers to the two questions was due primarily to inflation and indicated people's awareness of inflation. Yet, in spite of inflation, one-third of American families reported that they were better off than a year earlier as against 26 percent who said they were worse off (Table II-13). These proportions did not change much during the previous year. Among upper-income people, the evaluation of personal financial conditions deteriorated somewhat during the second quarter of 1970. The explanations respondents gave when asked why they were either better or worse off than a year earlier likewise did not change much. References to higher income represented the major explanation for being better off. In addition, about 9 percent of all families said that they had more savings than a year earlier or that they had lower debt (Table II-14).

Being worse off was explained primarily by higher prices. Such spontaneous references to inflation were given by 22 percent of all families, the same proportion as in the previous quarter. Complaints about lower income, primarily because of less work, were made by 10 percent of all families, again indicating little change during the three months up to May 1970. Reference to the stock market decline as a cause of being worse off was very rare even in May.

Of great significance was the continued stability of personal financial expectations. Table II-19 shows that in each of four quarterly surveys prior to the second quarter of 1970, 33 percent of all families expected to be better off a year later. Most of the others expected an unchanged financial situation, with only 11 percent expecting to be worse off. Since the question about expecting to be better or worse off financially implies a consideration of the impact of further price increases, the stability of these answers added support to the conclusion that the American people did not expect to be hurt by inflation more in the future than in the past.

Demand for Durable Goods

There was little change during the three months prior to May 1970 in consumers' evaluation of buying conditions for cars or large household goods (Table II-20). The data confirmed the finding of the first quarter of 1970 that the deterioration in these opinions, which was very substantial in the second half of 1969, had been arrested. Nevertheless, these attitudes showed no appreciable improvement and remained much less favorable than one or two years earlier.

The reasons given by respondents for their opinions about market conditions likewise showed little change (Tables II-21 and 22). As in the first quarter, prices were mentioned very frequently, both as a reason for favorable and for unfavorable opinions: fully one-quarter of all respondents said that the following twelve months would be a good time to buy a car because bargains and good buys would be available, while a nearly equal proportion expressed the opposite opinion by saying that prices were too high.

Frequent mention of high prices by some respondents and low prices by others is an unusual circumstance. It may be attributed to widespread awareness of inflation on the one hand, coupled with the fact that very many people knew of the slowdown in the economy. In the past, when consumer sentiment has turned upward after a period of substantial decline, the improvement in willingness to buy was sometimes supported because people became accustomed to a higher rate of inflation. Then, for some people, rising prices would have less impact upon evaluations of market conditions, and other people would think that when sales were low dealers would be willing to offer favorable terms. For these reasons, consumers have frequently been a stabilizing influence around the lowpoint of a recession. In May 1970, however, inflation remained a salient factor and therefore the evaluation of market conditions did not show the upturn that would otherwise have been expected. Another factor serving to depress these opinions was tight money and high interest rates, which were frequently mentioned as a reason why it was a bad time to buy cars and large household durables.

The May survey included a question asking respondents what they thought might happen to the prices of the following year's model cars. In reply, fully 70 percent said that they expected the new models to carry higher price tags. When asked how much higher they expected prices to be, rather substantial increases were suggested by many respondents. Less than 10 percent of respondents, however, said that it was a good time to buy a car because prices would go up. This proportion was much higher in 1969 and 1968.

Among upper-income respondents (those with incomes of $10,000 or more) there was a decline from the first quarter of 1970 to the second in the proportion saying that the following twelve months would be a bad time to buy a car, from 35 to 29 percent. This change may be traced to more frequent mention of bargains, coupled with somewhat less frequent complaints about high prices:

Among families with incomes of $10,000 or more	Oct.-Nov. 1969	Feb. 1970	April-May 1970
Good time to buy cars because:			
Prices are low	8%	33%	38%
Prices may go higher	26	10	10
Bad time to buy cars because:			
Prices are high	22	21	18

Intentions to buy a new car during the next twelve months were expressed by only 8.1 percent of all respondents, considerably fewer than either three months or one year earlier (Table II-24). Plans to buy a used car did not change from February to May 1970.

Survey Research Center data on buying intentions for new cars turned down in the fourth quarter of 1969 after holding steady earlier in the year. The February 1970 survey brought some recovery, but it was noted then that intentions data should be evaluated with caution at a time when consumer sentiment, and especially attitudes toward the automobile market, had been depressed. In May there was a sizable drop in buying intentions. Quarterly fluctuations may occur in a period when some would-be buyers tend to postpone their purchases. Intentions to buy a car, irrespective whether new or used, were especially infrequent in May among respondents with high incomes, in spite of the improvement in their evaluations of the market.

	All families		Income $10,000 or more	
Intentions to buy a car	Oct.-Nov. 1969	May 1970	Oct.-Nov. 1969	May 1970
Will or probably will buy	13.8%	12.0%	21.2%	15.5%
Might buy; undecided	4.4	6.6	6.2	7.9
Will not buy	81.5	81.0	72.0	76.4
Not ascertained	.3	.4	.6	.2
Total	100.0%	100.0%	100.0%	100.0%

Changes during the previous six months in the answers to a further question showed upper-income people relatively less ready to buy in the light of their current personal financial situation than lower-income people:

Evaluation of personal buying situation	All families		Income $10,000 or more	
	Oct.-Nov. 1969	May 1970	Oct.-Nov. 1969	May 1970
Good time to buy	27%	30%	44%	40%
Pro-con	2	3	3	2
Bad time to buy	67	61	49	53
Not ascertained	4	6	4	5
Total	100%	100%	100%	100%

The question was: "Thinking of your financial situation just now, do you feel you are in an especially good position to buy some of the things you would like to have, or is now a rather bad time for you to spend money, or what?"

Concern with personal finances or with business prospects in general may have played a large role in decisions to buy. This was suggested by the finding that intentions to buy became somewhat less frequent among those respondents who said that market conditions to buy a car were favorable:

	Evaluation of buying conditions for cars					
	October-November 1969			May 1970		
Intentions to buy cars during next 12 months	Good time	Uncertain, depends	Bad time	Good time	Uncertain, depends	Bad time
New car	19%	6%	6%	14%	7%	6%
Used car	10	5	7	11	8	6
Expect to buy, N.A. which	2	1	1	2	1	2
Do not expect to buy	69	88	86	73	84	86
Total	100%	100%	100%	100%	100%	100%
Percent of all families	28%	34%	38%	35%	31%	34%

To sum up, it appeared that many people spoke of the availability of bargains in the car market but were not themselves ready to buy. The primary cue for the prospects of automobile demand was consumer sentiment in general.

The evaluation of the market for single-family houses continued to be strongly depressed by high interest rates and tight money. In addition, a substantial group of respondents (29 percent) continued to say that it was a bad time to buy houses because prices were high (Table II-23). Intentions to undertake additions or repairs to houses appear to have held up better than intentions to purchase one-family homes.

11

THE OUTLOOK FOR CONSUMER DEMAND, AUGUST 1970

Highlights

THE Survey Research Center's Index of Consumer Sentiment rose to 77.1 in the third quarter of 1970 from 75.4 in the second quarter. This was the first increase following a continuous decline that lasted 5 quarters. But the increase was not large—not quite statistically significant at the 95 percent level.

Given the size of the samples, a difference of 1.3 points between Index values obtained in two successive surveys is statistically significant at the 67 percent level (one standard error); a difference of 2.6 percentage points is significant at the 95 percent level. Thus the conclusion "The Index of Consumer Sentiment increased from May to August" may not be justified because it may be due to sampling variation. But another conclusion, namely, "The Index of Consumer Sentiment did not decline from May to August" is valid beyond any reasonable doubt. The improvement in sentiment was more pronounced among upper than among lower-income respondents.

Expectations about business trends improved substantially in the third quarter, but other components of the Index did not. Attitudes toward the personal financial situation and evaluations of buying conditions for large household durables worsened slightly.

The proportion of people expecting business conditions to improve during the next twelve months exceeded the proportion expecting them to deteriorate. Answers to questions about the future course of unemployment and about the probability of a recession were somewhat more optimistic in August than in May. The proportion of people expecting large price increases declined, although complaints about the rate of inflation were as frequent in August as in May. Respondents reported having heard bad economic news during the past few months much less frequently in August, while the frequency of reported good news increased somewhat.

On the other hand, the proportion of families saying that their income had increased was smaller than earlier in 1970. Furthermore, an increased proportion of people believed that because of high interest rates and forthcoming sizable increases in car prices it was a bad time to buy a car.

The most conservative interpretation of the August 1970 findings on consumer attitudes was that the deterioration of sentiment had been arrested. Consumers' ability to buy appeared to increase slowly due to continuous increases in wages and salaries, a substantial proportion of which exceeded the rate of price increases, and the elimination of the federal income tax surcharge. Therefore real consumer demand was expected to grow, albeit at a slow rate.

Consumer sentiment remained at a low level, and inflated prices as well as high interest rates continued to dampen consumer spending. It appeared probable therefore that the savings rate would remain high and that sales of big-ticket durable goods, especially cars, would remain sluggish during the six months following August 1970.

The Index of Consumer Sentiment

In the first half of 1970, when the financial situation of some consumers did worsen, the deterioration of sentiment continued at a much slower rate than in 1969. In August 1970, however, the Index was somewhat higher than in May although, for all families, still lower than in February.

Small differences in Index values may be due to sampling variations. Generally, changes in the direction of the Index movements require confirmation in two successive surveys. Therefore one possible interpretation of the August findings is that the Index of Consumer Sentiment was fairly stable, following its earlier sharp deterioration, rather than that it had improved.

This conservative interpretation is supported by the fact that different components of the Index moved differently from May to August. According to past experience a *uniform movement* of all components strengthens the predictive value of a change in the direction of the Index. On the other hand it should be noted that several questions about consumer attitudes and expectations, which were not included in the Index, also indicated favorable changes from May to August. Furthermore, attitudes toward personal finances (which did not improve in the third quarter of 1970) might be viewed more as coincident indicators, and business expectations (which improved substantially) as leading indicators. Most importantly, an analysis of the reasons given for the changes in attitudes strengthened the reliability of the conclusion that consumer sentiment did improve somewhat from May to August.

The attitudes and expectations of upper-income families frequently fluctuate to a larger extent than those of lower-income families. During the first half of 1970 the deterioration of sentiment was most pronounced among upper-income families, and the same group showed the largest improvement in sentiment in the third quarter. On the whole, past experience does not bear out the assumption that the Index as calculated for any selected family group has a greater predictive value than the Index for all families. Yet there have been instances when an upturn was first noticeable in a change of high-income people's attitudes.

Expected Business Conditions

It has been established over many years that consumers' willingness to buy is strongly influenced by their perceptions of business trends—what they see has been going on and what they expect will happen in the economy in general—and not just of their own financial situations. People's opinions about the general economic outlook deteriorated sharply in 1969, and in the first half of 1970 awareness of a business slowdown was widespread. The data for August 1970 showed a sharp improvement: 39 percent of all families gave the answer "good times" and 34 percent the answer "bad times" when asked to evaluate forthcoming business conditions. The change in these expectations was the most pronounced among upper-income people: 45 percent said that there would be good times and 32 percent that there would be bad times (see Table II-2).

This large change in expectations occurred at a time when opinions about past business trends did not change at all. Table II-3 shows that in reply to a question about how business conditions compared with those prevailing a year earlier, substantially the same answers were received in August as in May. At both times the majority of respondents, and close to two-thirds of upper-income respondents, indicated awareness of business having slowed down.

When, however, a question was asked about the expected direction of change in business conditions, the improvement during the three month period was substantial. In November 1969, in February 1970, and again in May 1970, more people thought that business conditions would worsen during the next twelve months than that they would improve. In August 1970 it was the other way around (Table II-4). The difference in the frequency of the two opinions was still small in August—except among high-income respondents—but the change from May was substantial.

A comparison of the answers to the two questions on past and expected trends, as presented in Table II-5, illustrates the changes in opinions still further. The greatest improvement in business expectations in August occurred among respondents who said that conditions had been worsening during the past year, that is, among those people who were well informed. In August

1970 only 14 percent spoke both of past and future deterioration in business conditions, as against 19 percent in May and 17 percent in February.

The reasons people gave for their evaluation of forthcoming business conditions help to explain the change in their attitudes. In explaining their pessimistic expectations, the proportions referring to unemployment, inflation, and tight money remained as large in August as they were in May. But an increasing although still small proportion of respondents spoke in August of signs of improvement or of expectations of a turning point.

In February and May of 1970 an unusually large proportion of respondents replied affirmatively to the question that asked whether during the past few months they had heard news about either favorable or unfavorable changes in business conditions. When they were then asked about what they had heard, overwhelmingly unfavorable news was reported. By August many more people replied that they had not heard any economic news (Table II-7). Furthermore, the proportion citing favorable news increased; among respondents with an income of more than $10,000 it rose substantially from 12 to 21 percent. At the same time reports on unfavorable news declined in frequency. Yet the kind of favorable news heard remained rather general, consisting mainly of having heard of signs of improvement, rather than relating to the major economic issues of the day.

Opinions about the future course of unemployment were least favorable in February 1970. They improved somewhat in May and more in August (Table II-8). Yet even after the improvement, 50 percent of respondents expressed the opinion that unemployment would increase further, 36 percent that it would remain unchanged, and only 11 percent that it would decrease during the next twelve months.

An improvement of attitudes toward business conditions is clearly noticeable in the replies to a question about the likelihood of a recession. In August, as in May, close to one-half of all respondents said that a recession such as we had in 1958 or 1961 was probable. But in August 31 percent, as against 23 percent in May, thought that such a recession was not likely to happen (Table II-9).

Studies conducted in 1969 revealed that the war in Vietnam ranked high among matters of concern to the American people and this was true of doves and hawks alike. Many people thought that the war made it difficult to work toward a solution to pressing domestic problems related to the inner city, race relations, and poverty. Yet in replying to a direct question about the impact of the international situation on domestic business conditions, in 1968 and 1969 many more respondents said that the war made for good times than said that it made for bad times. Thoughts of employment created by war expenditures may have been responsible for these opinions. In 1970 the proportion saying that the war made for good business conditions at home declined and the proportion saying that it made for bad conditions increased. In August the latter proportion exceeded the former proportion (Table II-10). In this respect upper and lower-income respondents thought remarkably alike. The substantial proportion of respondents who said in August that the international situation had a bad effect on domestic business conditions consisted of two groups: those who felt that the then-recent reduction of war expenditures made for unemployment and those who for a long time had been greatly concerned with, or worried about, the international situation.

Longer-range business expectations also improved from the second to the third quarter, although not quite so much as expectations about business conditions during the next twelve months. The proportion of respondents expecting good times during the next five years reached a low point in May and the proportion expecting bad times a high point. In August these answers became more optimistic, with replies similar to those in February (Table II-6). Compared to earlier years, both one-year and longer-range business expectations remained fairly pessimistic.

Further light on people's expectations about the economic situation was shed by answers to a question asking respondents their opinion of the government's economic policy. Close to one-half of respondents replied that the government was doing a fair job, with those who said that the government was doing a poor job exceeding those who said that it was doing a good job.

The government is doing:	All families	Families with incomes of $10,000 or more
A good job	18%	17%
A fair job	45	49
A poor job	26	27
Don't know, not ascertained	11	7
Total	100%	100%

The question was: "As to the economic policy of the government–I mean measures taken in regard to inflation or unemployment–would you say the government is doing a good job, only fair, or a poor job? Why do you say so?"

The question asking for a general evaluation of economic policy was followed by the probe, "Why do you say so?" In reply, critical remarks were more frequent than laudatory remarks, especially about inflation and unemployment. Those who said that the government was doing a fair job criticized the government's policy more frequently than they praised it. The only frequent explanation given by those who thought that the government was doing a good or a fair job was either that the government was solving or that it was trying to solve our economic problems.

Inflation, the Stock Market, and Interest Rates

Specific questions were asked in all 1970 surveys about several areas of concern among students of economic trends. The first of these areas, inflation, represents a major factor in consumers' evaluation of economic developments; in this respect the August data indicated some lessening of people's apprehension. A second area, the possibility of a depressing influence by the stock market decline on consumer behavior, influenced the attitudes of a relatively small proportion of consumers only, and even among those caused more concern in February and in April-May of 1970 than in August. A third area, tight money and high interest rates, continued to cause worry among many consumers; the expectation that interest rates would decline during the next twelve months was expressed by only one-fourth of all respondents in August.

Trends over several years are available on two sets of data which reflect consumer apprehension about *inflation.* Most useful are respondents' spontaneous references to inflation as a development that affects their attitudes toward their own situation as well as their expectations about general economic conditions. The proportion of respondents speaking of price increases when asked why they felt either better off or worse off than a year ago increased greatly in 1969. Both in February and May 1970 close to one out of every four respondents spoke of detrimental effects of inflation in this connection and in August the proportion remained the same. In explaining their skepticism about forthcoming business trends, again there was practically no change in the frequency of complaints about inflation from February to May and to August. (The proportion referring to inflation in connection with business trends was consistently smaller than the proportion referring to it when asked about their personal situation; the question about reasons for changes in personal finances was asked first in the interview and many respondents did not repeat their previously voiced complaints when asked about business trends.)

The second set of available trend data consists of price expectations. It was shown in earlier surveys that many people's price expectations are conservative and unrealistic. Even in 1969 and 1970 many respondents said that in their opinion the prices of the things they bought would rise by 1 or 2 percent during the next twelve months. But in the last few years the proportion expecting price increases of more than 5 percent a year has increased and grown, especially in February and May 1970. In August of the same year this proportion declined (Table II-17).

This change was confirmed by the replies to a second question. The great majority of respondents who said that prices would go up during the next few months were also asked whether in their opinion the price increases in the next twelve months would be larger or smaller than those in the past twelve months. During the two years prior to August 1970 the answers to this question reflected widespread inflationary fears, especially among lower-income respondents: the opinion that the rate of future price increases would be larger than the rate of past price increases was much more frequent than the opinion that it would be smaller. From May to August the difference between the two opinions became narrower (Table II-18), with 25 percent saying that future price increases would be larger, and 15 percent that they would be smaller.

These price expectations were related to business expectations. Respondents who thought that future price increases would be smaller than past price increases spoke much more favorably of one-year as well as five-year business prospects than respondents whose price expectations were pessimistic. The improvement in business expectations from May to August apparently occurred primarily among those respondents with relatively favorable expectations about inflation.

Knowledge about movements of *stock prices* is known to be widespread only when the changes are substantial. In February and in April 1970, 43 percent of all respondents knew that there was a decline in stock prices, a much higher proportion of correctly informed people than in most earlier years. Among those interviewed in the first half of May, the proportion knowing of a decline in the stock market rose to over 60 percent. When respondents who had known of the market decline in April and May were reinterviewed in the first half of August, only about two out of five mentioned again the decline in market prices. A few people spoke of a fall in the market followed by a recovery. However, the majority of the respondents who had earlier known of the market decline spoke in August of other movements or said that they did not know what the market had done at that time.

Altogether, only 30 percent of August respondents mentioned a decline when asked about recent trends in stock prices. In answer to a follow-up question, a majority (20 percent of all respondents) said that the decline would have bad effects on business trends. Yet as in April-May (when 30 percent had expressed this expectation), very few respondents mentioned the stock market when asked to explain their opinion about what would happen to business conditions in the next twelve months. Likewise, hardly anyone mentioned a decline in the value of their stock investments when asked to tell why they were worse off financially than a year earlier.

Spontaneous references to tight money and high *interest rates* were made at a fairly high rate in reply to questions in which respondents were asked for their reasons for expecting business conditions to worsen and also for their unfavorable evaluation of buying conditions for automobiles. In reply to a direct question about changes during the few months prior to August 1970 in the interest charged for buying durable goods on the installment plan, 20 percent said that these interest rates had risen while 28 percent spoke of unchanged rates and close to one-half of all respondents professed to be uninformed. When they speak of high interest rates, most people think of housing and the cost of borrowing by business, as well as of interest earned on savings deposits. In spite of the fact that many people profit from high interest rates by earning more on their reserve funds, the predominant notion is that high interest rates and tight money influence business conditions adversely.

Data over several years are available on people's expectations about what interest rates will do in the future. The question asked relates generally to interest rates without specifying any particular area. The proportion of respondents expecting an increase in interest rates was the highest in May-June 1969. In the following few months and again in 1970, after interest rates in fact had increased, the proportion declined. In May 1970 the proportion expecting interest rates to decline rose. During the following three months the change in expectations was small, although the percentage of those who expected a reduction in interest rates declined somewhat (Table II-11). In August 63 percent expected rising or unchanged interest rates, and only 25 percent declining rates.

Personal Financial Situation

No doubt the most important single factor strengthening the economy from August 1969 to August 1970 was the continuing income gains received by the majority of families. Had not consumers' ability to buy remained high as consumer sentiment deteriorated during 1969, the cutback in consumer spending late in 1969 and in 1970 would have been much more pronounced. It was therefore of great interest to study respondents' reports on their income changes during the year prior to August 1970.

Among families with incomes of $10,000 or more, the May survey revealed a substantial decline in the proportion receiving income gains, coupled with an increase in the proportion reporting lower incomes (Table II-15). Similar findings from the August survey confirmed this change; in August only 56 percent of higher-income families said they were making more money than a year earlier, while 13 percent said they were making less. The deterioration in these reports was much less pronounced among families making less than $10,000, among whom income gains increased in frequency between May 1969 and May 1970, declining somewhat only in the third quarter of 1970.

Income is not the only factor influencing consumers' financial situations. Inflation and taxes also play a role. During 1969 under the impact of inflation the proportion of family heads saying they were worse off financially increased continuously, from 20 percent in February to 28 percent in

October-November 1969. In 1970 there was little change in the proportions of all families reporting being either better or worse off (Table II-13). Among higher-income families the deterioration in these evaluations continued into the second quarter of 1970, which is in line with the less frequent income gains mentioned above.

The effect of inflation on the family's financial situation can best be studied by comparing reported changes in money income to consumers' evaluations of their financial situations, as shown in Table II-16. Among families reporting income gains, evaluations of the financial situation worsened greatly during 1969, and remained unfavorable through the second quarter of 1970. In August 1970 there was an improvement toward a more usual relationship between the answers to these two questions, an improvement which was related to the much less frequent expectations of large price increases among higher-income respondents in August.

At the end of 1969, an unusually large proportion (31 percent) of families who reported making about the same amount of money as a year earlier nevertheless said that they were worse off financially. By the second and third quarters of 1970, this proportion had been cut to 25 percent, a figure still considerably higher than in most years prior to 1969. Inflation continued to have an effect on many people's evaluations of their financial situations, a conclusion which is supported by the finding that in August 1970, 22 percent of respondents pointed to inflation as a reason why they were worse off financially or not better off than a year earlier—the same proportion as three or six months before (Table II-14).

The August findings in Table II-13 should not be interpreted to mean that only relatively few families changed their evaluation of their financial situation in 1970. In fact, such changes were unusually frequent. Of those respondents who said earlier in 1970 that they were better off, only 58 percent gave the same answer when reinterviewed in August. Among those who said that they were worse off when first interviewed, 20 percent said in August that they were better off than a year earlier.

Many people whose income was restricted in August 1970 remained optimistic about the future. Among the 9 percent of family heads who said then that they were worse off because of a lower pay rate or less work, fully 31 percent expected to be better off a year later. Among the 14 percent of families making less money than a year ago, 28 percent said they would be better off, compared to only 32 percent of all families. These optimistic notions in the face of adversity contributed to the finding in Table II-19 that among all respondents, expected changes in financial situation had hardly deviated in the course of twelve months.

Attitudes toward the financial situation may be influenced by changes in the taxes people pay. In January 1970 the Federal income tax surcharge was cut in half and in July it was eliminated entirely. The effect of the surcharge reduction was studied in February by asking whether "the Federal income taxes 'people' are paying this year" would be higher or lower than in 1969. Fully 42 percent replied that 1970 taxes would be higher, and another 27 percent that they would be the same, suggesting that many people had not heard of the reduction which had already taken place.

In August a different question was asked, referring to the taxes paid by the respondent himself. The answer to this question should have been dependent upon whether the respondent's income for 1970 was higher, lower, or the same as in 1969. Yet the tabulation below shows that the replies were not strongly related to change in income. Among those saying that they were making the same amount of money as a year before, only 18 percent expected to be paying lower taxes. At the very least, the conclusion may be drawn from both the February and August findings that the elimination of the surcharge was *not* salient to very many people. At a time when many people expected their taxes to go up, a comparatively small reduction in tax rates may not contribute automatically to an improved evaluation of the financial situation or to a greater willingness to buy.

Respondent's 1970 Federal income taxes will be:	Income change during the last year			
	Making more	Same	Making less	All families
Higher than last year	36%	25%	27%	30%
Same	34	46	30	38
Lower	25	18	29	23
Don't know	4	9	14	8
Not ascertained	1	2	*	1
Total	100%	100%	100%	100%
Percent of all families	45%	39%	14%	100%

*Less than half of one percent.

The question was: "Do you think that the federal income taxes you people pay for this year, 1970, will be the same as last year, or will they be higher, or lower?"

Demand for Durable Goods

Consumers' opinions about buying conditions for cars became less favorable during the three months between May and August 1970. The proportion saying that the next twelve months or so would be a bad time to buy a car rose from 34 percent to 43 percent (Table II-20). Some part of this increase may have reflected a seasonal change, but nevertheless the August figure was by far the largest proportion recorded by the Survey Research Center since the question was first asked sixteen years ago. One year earlier the proportion was 30 percent and two years earlier only 21 percent.

Respondents were asked to explain why they believed that it was a good or a bad time to buy a car. The tabulation of replies, included in Table II-21, reveals two differences between findings in May and in August 1970. The proportion mentioning tight credit or high interest rates increased to 20 percent, and only half as many respondents in August as in May said that car prices would be low or that good buys would be available. Again, the latter change may have been partly seasonal, but nevertheless the 25 percent who mentioned bargains in both February and May 1970 was unusually high, and provided important support to automobile sales in the first half of the year. At the same time, the proportion saying that the next twelve months would be a bad time to buy a car because prices were high continued almost unchanged at 22 percent.

In each of the last few years the third quarter survey included a specific question concerning expectations about the future trend of automobile prices. In August 1970, 68 percent expected car prices to go up during the next twelve months. This proportion was still higher in each of the three previous years.

Car prices during the next twelve months will:	Aug. 1967	Aug. 1968	Aug.-Sept. 1969	Aug. 1970
Go up a lot	32%	30%	22%	24%
Go up a little, or N.A. how much	51	55	52	44
Stay the same	11	10	18	19
Go down	2	2	4	9
Don't know, not ascertained	4	3	4	4
Total	100%	100%	100%	100%

The question was: "What do you think will happen to automobile prices during the next twelve months? Do you think they will go up a lot, or a little?

The expectation of higher prices for the new model cars sometimes stimulates people to buy in advance of the increase. However, as reported before, in August 1970 fewer people than in August 1969 or 1968 thought that because of forthcoming price increases it was a good time to buy a car.

In the summer of 1970 some people may have been postponing their purchase of a car until the new smaller American cars would become available. Anticipation of the new subcompacts was the most plausible explanation for the increase to 9 percent in the proportion of people expecting car prices to go down in the following twelve months.

Intentions to buy new cars became more frequent during the three months prior to August 1970, and used cars less frequent (Table II-24). Again, this shift may have reflected interest in the new subcompact cars.

Overall, intentions to buy a car during the next twelve months remained at a depressed level, substantially less frequent than in August 1969.

The impact of two factors, inflation and high interest rates, on intentions to buy a car appeared significant on the basis of the August 1970 data:

	Price increases during next 12 months will be:			Interest rates during next 12 months will:		
Intentions to buy during the next twelve months	Larger	Same	Smaller	Go up	Stay the same	Go down
New car	9%	11%	17%	9%	10%	17%
Used car	7	8	5	7	6	6

Opinions of buying conditions for large household goods became somewhat less favorable in August 1970, but the rate of deterioration during 1970 was quite small compared to that during 1969 and the last half of 1968. In August 1970 only 34 percent said it was a good time to buy large household goods, while in August 1968 57 percent expressed this opinion. During the same period the proportion saying it was a bad time to buy rose from 13 percent to 29 percent (Table II-20).

Given that depressed state of evaluations of market conditions for cars and large household goods and the low level of consumer sentiment, it appeared likely that consumer spending for large durable goods, purchases which could be postponed, would remain sluggish during the remainder of the year 1970. This conclusion was supported by the replies given in August to a question asking the respondent to say whether he would find it easy or a hardship to take care of larger payments. The question was asked only of respondents making monthly payments on mortgage or installment debt at the time of this interview.

Taking care of larger installment payments would be:	All families		Families with incomes of $10,000 or more	
	Feb. 1969	Aug. 1970	Feb. 1969	Aug. 1970
Easy	28%	17%	38%	24%
Pro-con	3	12	3	15
A hardship	62	69	53	59
Don't know, not ascertained	7	2	6	2
Total	100%	100%	100%	100%

The question was (If respondent had monthly payments): "Suppose you would like to make some large purchases; would it be easy or a hardship for you to take care of larger payments than you make now?"

Even among families with an income of $10,000 or more, only 24 percent said in August 1970 that they would find it easy to handle increased monthly payments (as against 38 percent early in 1969). This finding, together with the frequent mention of high interest rates and tight credit as a reason why it was a bad time to buy, suggested that installment credit extensions would continue at a modest rate in the months to come.

Consumers' evaluations of the market for single family houses reached a record low point in April-May 1970, and recovered somewhat in August. Nevertheless, these attitudes remained quite unfavorable, with 59 percent saying it was a bad time to buy a house (Table II-20).

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THE OUTLOOK FOR CONSUMER DEMAND, OCTOBER–NOVEMBER 1970

Highlights

CONSUMER sentiment deteriorated from the third to the fourth quarter of 1970 when the automobile strike exerted an adverse influence on people's attitudes. The confidence of lower-income families slumped severely, while the attitudes of upper-income families were affected to a very small extent.[1]

Index of consumer sentiment	Feb. 1969	Feb. 1970	April-May 1970	Aug. 1970	Oct.-Nov. 1970
All families	95.1	78.1	74.4	77.1	72.4*
Families with an income of $10,000 or more	95.5	75.8	72.1	76.4	75.9*

*Before adjustment for the temporary impact of the auto strike on consumer sentiment.

Since about two out of five families have an income of $10,000 or more, a fourth-quarter Index calculated for lower-income families alone would clearly show a deterioration very much greater than that for all families.

How much of the decline of the Index in the fourth quarter of 1970 may be attributed to the automobile strike? Middle and lower-income respondents especially spoke frequently of an adverse influence from the strike. Past experience, primarily with the steel strike of 1959, indicates that some of the impact of a large strike on sentiment is temporary, with news of

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[1] Interviewing was completed prior to the settlement of the auto strike.

a settlement being followed by some recovery in consumer sentiment. It appears probable that after making allowance for this factor, the fourth-quarter 1970 Index value for all families would not stand much below the second-quarter level, while that for upper-income families would be approximately unchanged from the third quarter. The fourth-quarter values of the Index, as shown in Table II-1, have been adjusted accordingly.

The conclusion emerges that the outlook for consumer demand remained substantially unchanged through the year 1970, especially when the Index is considered together with the increase in consumers' incomes, to reflect the joint impact of changes in both willingness and ability to buy. After the sizable deterioration which occurred throughout 1969, neither a further worsening nor an improvement was indicated. The continued rather low level of consumer sentiment in November 1970 suggested that a turning point in consumers' discretionary spending was not imminent.

The decline of the Index for all families in November 1970 was due to considerably more unfavorable answers received to three of the five questions included in the Index. These were the questions asking about one-year and five-year business expectations, and whether it was a good or a bad time to buy durable goods. The particularly pronounced deterioration in the answers to the question about longer-range economic trends may be attributed to a spread of general malaise–dissatisfaction with the social as well as the economic climate. Respondents reported having heard bad news in the recent past, primarily about growing unemployment and layoffs. On the other hand, concern with inflation remained widespread but did not grow.

Income gains over the previous year were reported by an increased proportion of families (51 percent), and were especially widespread (67 percent) among families with incomes of $10,000 or more. Among these upper-income families, attitudes and expectations concerning the personal financial situation were much improved. At the same time, an increased proportion of lower-income families reported making less money. Reports of no change in income were relatively infrequent.

Although sluggish consumer demand and high rates of saving were forecast to continue for a while (aside from the post-strike catch-up of automobile sales in the first half of 1971), there were nevertheless reasons for some optimism over the longer run. The following considerations in the fourth quarter of 1970 suggested that the recession in consumers' discretionary expenditures would not endure a very long time:

1. Longer-run personal financial attitudes and expectations had held up better than those concerned with shorter periods (one year). The basic optimism of the American people about their future income and standard of living still prevailed. There were no signs of saturation of demand or of being overburdened by debt. High

aspirations could be expected to manifest themselves in due time, especially if a sizable proportion of the population continued to make income gains exceeding the rate of price increases.

2. It has frequently been observed that after some time people become habituated to bad news so that it loses some of its adverse impact on consumer sentiment. Therefore, in the absence of unfavorable developments in the first half of 1971—on still higher unemployment, acceleration of price increases, international conflict, etc.—the unfavorable conditions existing late in 1970 on consumers' expectations were expected to have a diminished impact as 1971 progressed. There was evidence that consumers would consider lower interest rates to be good news.
3. A sizable proportion of Americans was interested in the new small cars which were being produced for the first time in this country. It seemed probable that a favorable reception of the Ford Pinto and Chevrolet Vega might improve consumer attitudes toward purchasing durable goods in general.

The Index of Consumer Sentiment

The purpose of the Index is to provide a summary measure of changes in the direction of consumers' willingness to buy. The Index is not adjusted for trends in the population or in income. As indicated earlier, these important factors may be taken into account by devising an additional measure ("Index Times Income") that reflects the joint impact of changes in the Index and in disposable income, in line with the basic proposition that discretionary expenditures are a function both of willingness and of ability to buy (see Chart 2 in the Introduction to Part II).

The joint measure fell much less during 1969 than did the Index of Consumer Sentiment. Both the joint measure and the Index served to indicate forthcoming economic developments in advance. The Index showed the sharp break in consumer sentiment beginning in May 1969. The smaller decline of the joint measure pointed toward a relatively mild rather than a sharp recession in 1970. Throughout 1970 the "Index Times Income" line remained substantially stable. A small upturn in the third quarter was erased by a small decline in the fourth quarter. After adjustment for the temporary impact of the strike, the "Index Times Income" line in Chart 2 stood at about the same level in the fourth quarter as in the first or second quarter of 1970.[2]

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[2] The three lines in Chart 2 indicating automobile demand were, of course, greatly depressed by the auto strike in the fourth quarter of 1970 and for that reason fourth quarter data are not shown.

Both the Index of Consumer Sentiment and "Index Times Income" are predictive variables that provide an advance indication of changes in consumer demand for cars and other durable goods during the next six months. The continued quite low level of sentiment in the fourth quarter of 1970 suggested that strong recovery in consumer spending for discretionary items should not be expected to occur in the first half of 1971, although there would be some "catch-up" in automobile sales during the six months following the strike.

The attitudes of high-income families were affected much less by the strike than low-income families. From the second to the fourth quarter of 1970 an Index calculated for families with an annual income of less than $5,000 declined by no less than 10 points before adjustment for the temporary impact of the automobile strike.

During the last twenty years the Index for all families has provided a satisfactory indicator of changes in consumers' willingness to buy, even though upper-income families spend a larger share of their income on discretionary purchases than lower-income families. Nevertheless, there have been several periods in the past when an incipient upturn in consumer sentiment was indicated earlier, or to a larger extent, by an Index of upper-income families. With respect to a downturn, on the other hand, at certain times the attitudes and expectations of lower-income families have been a more sensitive indicator of future trends. Because of the strong impact of the automobile strike on the attitudes of lower-income people in the fourth quarter of 1970, it appeared likely that the Index for upper-income families at that time provided a better indicator of forthcoming trends than the all families Index. The decline in the Index from the third to the fourth quarter of 1970 (after adjustment) was brought about by a worsening of sentiment among lower-income families alone (see Table II-1).

The various components of the Index did not change uniformly between the third and fourth quarters of 1970. Attitudes toward past and expectations about future personal financial developments improved greatly among high-income families, but deteriorated among low-income families. One-year business expectations improved from the second to the third quarter, but deteriorated in the fourth; a comparison of the fourth quarter data with those of the second quarter shows a small improvement. Five-year business expectations, however, dropped so sharply in the fourth quarter that this component of the Index had a lower value than in the second quarter. A question asking respondents whether in their opinion it was a good time or a bad time to buy durable goods declined somewhat more than seasonally in the fourth quarter; this component of the Index was responsible for much of the total (unadjusted) decline in the Index from the second to the fourth quarter. The especially low level of this Index component in November 1970 was no doubt to some extent due to the impact of the automobile strike, but that was by no means the whole explanation. Inflation and unemployment also played a large role.

Personal Financial Situation

Increases in hourly wage rates or in annual salary rates are important for consumer demand, even if they do nothing more than compensate for increases in the cost of living. The Survey Research Center has asked the same question for about twenty years, namely: "Are you people making as much money now as you were a year ago, or more, or less?" The answers to this question are far from exact. Although many families "make money" from more than one source, respondents do not calculate the amount of their family income at the time of the interview and do not compare it with exact data on their family income a year earlier. The answers represent people's subjective notions, which are relevant for their spending-saving decisions.

It can be seen from Table II-15 that the answers received on the frequency of income changes did not vary greatly during 1969 and 1970. In the fourth quarter of 1970 there was an increase in both the proportion reporting income gains and in the proportion reporting income declines. Unchanged income became less frequent. Reports on income gains increased among respondents in the $10,000-or-more income group, while income declines were heavily concentrated among lower-income families.

A related question is asked in all quarterly surveys: "Would you say that you and your family are better off or worse off financially than you were a year ago?" As can be seen from Table II-13, in the fourth quarter of 1970, 31 percent said they were better off than a year earlier, many fewer than the 51 percent who said that they were making more money. In fact only slightly more than one-half of those who reported income gains said that they were better off. (Some respondents with unchanged income also held this opinion, explaining it by an improvement in their asset or debt position.) Similarly, the proportion saying that they were worse off was larger than the proportion with reduced income. It appears therefore that there was widespread awareness of inflation affecting personal finances. This conclusion is borne out by the fact that the two reasons mentioned frequently by respondents in explaining why they were either better or worse off were income changes and price changes. The frequency with which both were mentioned did not change much during 1970. Complaints about price increases and rising expenses were common but did not become more frequent in the fourth quarter.

The relation of income changes to price changes may be studied not only by asking people whether they are better or worse off but also by asking them about the extent of both changes. The following tabulation of data from the fourth quarter of 1970 shows that income gains of more than 6 percent during the previous twelve months were reported by 23 percent of all family units.

	Extent of income increases		Extent of price increases	
Increase during last twelve months	All families	Income $10,000 or more	All families	Income $10,000 or more
None or don't know	49%	33%	8%	7%
1-4%	12	14	22	21
5%	11	16	33	35
6-9%	4	7	8	8
10-19%	13	20	19	23
20% or more	6	7		
Extent not ascertained	5	3	10	6
Total	100%	100%	100%	100%

An additional 11 percent set the rate of their income increase at 5 percent. Among upper-income families both proportions were larger. Clearly, from the standpoint of their income, a substantial proportion of American families did not suffer because of inflation, although the majority did. This conclusion emerges from a comparison of reported income increases with the 6 percent increase in the consumer price index. Compared with the respondents' subjective estimates of past price increases, the comparison was somewhat less favorable because not less than 19 percent of family heads said that the prices of things they bought rose by 10 percent or more during the previous twelve months.

Income expectations were only slightly less favorable in the fourth quarter of 1970 than a year earlier, with 40 percent of all families saying that they would be making more money a year hence, as against 42 percent in the fourth quarter of 1969. Among upper-income families the two proportions were 51 and 57 percent, respectively. At both times only a small proportion of families (about 5 to 7 percent) expected their income to decline during the coming year. About one-half of those who reported having past income increases expected to make them again during the coming twelve months. Substantial proportions had unchanged income during the past year and the expectation of rising income, or a rising income in the past year and expected income stability. Expected income increases were estimated to be somewhat smaller in extent than reported past income increases. An income gain of 5 percent was the most common expectation.

The same type of relationship held with respect to price increases. Many more respondents reported past price increases of more than 10 percent than expected similar large price increases during the coming year. This had been a consistent pattern for several years. As can be seen from Table II-17, only 12 percent of all families set the extent of expected price increases at 6 percent or more in the fourth quarter of 1970. However, when respondents were asked whether they expected that price increases during the next twelve months would be larger, the same, or smaller than during the past twelve months, the answer "larger" was given with much greater frequency than the answer "smaller" (Table II-18). This relationship had shown hardly any change during the twelve months since the fourth quarter of 1969.

These findings again illustrate that subjective notions on the course of inflation are indicative of people's feelings rather than precise calculations. The overall conclusion from Tables II-17 and II-18 is the same as the one received from people's spontaneous complaints about inflation. The conclusion is that attitudes toward inflation were substantially the same in the fourth quarter of 1970 as they had been three or six months earlier. The American people were not aware of, or did not concur with, pronouncements that inflation had abated. In their opinion, inflation continued at a rate similar to the recent past which, however, was viewed as a creeping rather than an excessively rapid inflation, as indicated by the conservative estimates of the extent of expected price increases.

The belief that inflation would continue more or less as it had been was also expressed in answer to a question about changes in prices during the next five years. To be sure, as always when longer-run expectations are queried, the proportion expressing uncertainty and refusing to answer directly was larger than with respect to one-year price expectations. Otherwise, the two sets of data were quite similar. About half of the great majority of respondents who expected prices to be higher in five years said that prices would be a lot higher, while half said that they would be a little higher.

In spite of inflation, people's expectations about the future course of their personal well-being were far from unfavorable in the fourth quarter of 1970. Table II-19 shows that the proportion expecting to be better off a year later far exceeded the proportion expecting to be worse off. However, these expectations were less favorable than they had been several years earlier.

When respondents were queried about their personal situation with a perspective of several years, rather than of one year, the responses were more favorable. Longer-run expectations declined during 1969 and 1970 to a lesser extent than short-run expectations. Data available from surveys conducted in August 1968 and October-November 1970 show only a very small deterioration.

Attitude toward the personal financial situation	3rd Qtr. 1968	4th Qtr. 1970
	Percent of all families	
Better off than 4 years ago	53	50
Will be better off 4 years from now	43	42
Both better off and will be better off	31	29
	Percent of families with an income of $10,000 or more	
Better off than 4 years ago	71	68
Will be better off 4 years from now	55	54
Both better off and will be better off	44	43

Studies have shown that people who are confident over the long run, and especially people who have both experienced an improvement in their situation and expect it to continue, constitute the most frequent purchasers of durable goods. Therefore the fourth quarter 1970 data suggested that the depressed level of optional purchases should not be projected into the more distant future. There was apprehension among consumers about their current situation, but there were no signs of saturation.

Furthermore, a direct question about unsatisfied wishes yielded similar answers in the fourth quarter of 1970 as two years earlier. Fully 56 percent of all families expressed wishes and denied that they had most of the things they wanted, as against 59 percent in August 1968. Finally, consumers were not overburdened by debt late in 1970. Although the majority thought that it was not a good time to buy on the installment plan, a sizable proportion of those with installment debt said that they could take care of larger payments than they were making. The proportion replying that larger payments would represent a hardship did not increase.

Expected Business Conditions

As many people thought that there would be good times during 1971 as thought that there would be bad times (Table II-2). And yet, since most of the time during the past twenty years the American people have voiced the opinion "good times during the next twelve months" far more frequently than the opinion "bad times," the answers in the fourth quarter of 1970 reflected a low level of confidence. There was some improvement in these replies between the second and third quarter, but much of the gain was erased in the fourth quarter.

Most Americans believed that business conditions were worse in the fourth quarter of 1970 than they had been a year earlier (Table II-3). Opinions were divided regarding expectations about the direction of change during the coming twelve months. The majority expected conditions to remain about the same as they were. Among upper-income families the expectation of an improvement was more frequent than the expectation of a deterioration (Table II-4). Among the 54 percent of all consumers who said that business conditions were worse than a year earlier, only one out of four believed that business would be still worse a year later—a proportion which was unchanged from three months earlier (Table II-5).

When asked about probable economic trends during the next five years, no fewer than 46 percent of all family heads gave pessimistic answers (Table II-6). Most people have no factual information to help them answer this question. Therefore most responses in the fourth quarter of 1970 reflected primarily a widespread apprehension and mistrust. The responses given by lower-income people became much more pessimistic late in 1970, but even among upper-income people the pessimists outnumbered the optimists.

Why did American consumers lack confidence in the economy? First, the news they had heard in the recent past was overwhelmingly unfavorable (Table II-7). In reply to a question about what changes in business conditions they had heard of, by far the most frequent answer related to declining employment or rising unemployment. Respondents expressed concern with the rate of employment, including occasional layoffs and loss of overtime work, much more frequently than concern with price increases. This was also true when respondents were asked to explain their opinions about forthcoming economic trends.

The specific news and reasons elicited thus related to short-term trends and did not fully explain the widespread misgivings expressed in response to the question about business conditions during the coming five years. Apparently it was not just economic news but also the general social climate which had worsened during the previous year or two. Social problems concerning race relations, poverty, inner-city problems, violence, and pollution influenced people's economic and social expectations. Uncertainty about the country's ability to reduce prevailing social conflicts depressed consumer sentiment.

In reply to specific questions about unemployment during the next twelve months pessimism was expressed by many respondents in the fourth quarter of 1970. Many more people believed that unemployment would increase than that it would decline (Table II-8). Answers about the likelihood of a recession were likewise far from reassuring. Twice as many people thought that a recession was likely than had been the case five years earlier (Table II-9). Again, in both questions, the deterioration of attitudes during the fourth quarter of 1970 occurred primarily among lower rather than among upper-income people.

A question on expected changes in interest rates elicited more optimistic replies. In October-November 1970 an increased proportion of respondents expected interest rates to go down during the next twelve months (Table II-11). The decline in interest rates was seen as something that would serve to improve business conditions.

Spontaneous references to the stock market were rather rare in August and again in October-November 1970. Unless there are substantial movements, it is usually true that information on recent changes in stock prices is limited to a relatively small proportion of people. In the fourth quarter of 1970, few respondents believed that the stock market would have an adverse influence on business trends in the months ahead.

Opinions about the government's economic policy did not change much during the fourth quarter. Close to one-half of respondents said that in economic matters the government was doing "only a fair job." Among the others the opinion that it was doing a poor job was more frequent than the opinion that it was doing a good job. By far the most common laudatory remark consisted of saying that the government was trying hard to improve economic conditions. Critics of government policy emphasized the record with respect to unemployment and inflation.

Demand for Durable Goods

Consumers' evaluations of buying conditions for large household goods became much less favorable during the fourth quarter of 1970. In contrast, this component of the Index of Consumer Sentiment was substantially unchanged during the first three quarters of the year. The deterioration in the fourth quarter, which occurred among families with both high and low incomes (Table II-20), could be partly attributed to seasonal factors, but the proportion saying that it was a bad time to buy large things for the house (41 percent) was significantly greater than one year earlier (29 percent) or two years earlier (16 percent).

Opinions about buying conditions for cars continued a decline that was already apparent in August 1970. Again, some part of the deterioration during the third and fourth quarters reflected seasonal variation, but the proportion of respondents saying that the next twelve months would be a bad time to buy a car (46 percent) was much larger than it had been one or two years earlier.

To some extent the changes during the fourth quarter were attributable to the automobile strike. When respondents were asked to explain why they thought the next twelve months would be a bad time to buy a car, 12 percent mentioned the strike (Table II-21). In addition, some of the very frequent references to high automobile prices (34 percent) could be traced to the notion that good deals were hard to obtain at a time when the strike had reduced the supply of cars. And yet it would be a mistake to attribute consumers' unfavorable evaluations of market conditions for cars entirely to the strike. Certainly the strike could not explain the greatly depressed level of attitudes toward market conditions for large household goods.

Inflation continued to play a large role in consumers' evaluation of buying conditions for all durable goods. In the fourth quarter of 1970, as was the case during the preceding twelve months, about one-quarter (26 percent) of respondents said that it was a bad time to buy large household goods because prices were high. In the first half of 1970, these opinions were balanced by an equally large proportion of people who said that it was a good time to buy because prices were low and good buys were available. Widespread awareness of the slowdown in the economy caused some people to believe that dealers would be willing to offer favorable terms. During the last half of 1970, this opinion apparently became less pronounced, so that high prices were mentioned more often as a reason why it was a bad time to buy than low prices why it was a good time to buy. Relatively few respondents indicated an interest in buying in advance of expected price increases.

Credit conditions continued to be mentioned rather frequently as a reason why it was a bad time to buy durable goods. Frequent mentions of the strike and related high prices may have drawn attention away from credit conditions in the fourth quarter 1970 survey.

The automobile strike came at a time when consumer sentiment was at a low level. Intentions to buy a car were depressed during 1970, although earlier in the year intentions to buy a new car held up somewhat better than plans to buy a used car. Under the conditions that already existed prior to the strike, many consumers had postponed their purchase of a car. With the advent of the strike, still more people put off buying a new car, and intentions to buy a new car dropped considerably (Table II-24). Even among those who planned to buy a new car within the next twelve months, some respondents said that they would buy late in 1971.

Those people who said they did not plan to buy a car were asked how long they thought it would be before they next bought a car. Table II-25 gives some indication of the extent to which people postponed their intended purchase of a car. In comparison with the first column in the table (February 1969), the second and third columns show the impact of depressed consumer sentiment during the first half of 1970, while the data from the fourth quarter of 1970 show the combined impact of a low sentiment level and the automobile strike. In both cases the effect was to extend the time horizon of the prospective purchase. An improvement in 1971 in consumers' attitudes toward their personal financial situation, business conditions, inflation, and unemployment might be expected to cause some consumers to revise their purchase plans and buy at an earlier date than planned late in 1970.

One factor which would retard sales of new cars during 1971 was widespread awareness of increased prices on the 1971 models:

New model cars cost:	4th Qtr. 1968	4th Qtr. 1969	4th Qtr. 1970
A lot more	13%	19%	23%
A little more	67	50	41
About the same	5	6	5
Don't know	15	25	31
Total	100%	100%	100%

The question in October-November 1970 was: "Speaking now of the new 1971 models other than the new small ones, do you happen to know whether the new 1971 model cars cost about the same as the 1970 models did when they were new, or more, or less? (If "more") Would you say they cost a lot more or a little more?"

Higher prices for the new models did not come as a surprise to consumers. Surveys in the second and third quarter of 1970 showed 68 to 70 percent of respondents expecting higher car prices, with 23 percent in August expecting prices to go up "a lot." Nevertheless, these price increases were resented, as illustrated in the following tabulation of data from the fourth quarter 1970 survey:

	New model cars cost:	
Opinion of buying conditions for cars	A lot more	A little more
Good time to buy	23%	31%
Uncertain, depends	17	24
Bad time to buy	60	45
Total	100%	100%

A plus factor for auto demand in 1971 was consumers' reaction to the new small cars produced in this country. In October-November 1970, close to two out of every five respondents said they were interested in having a small car. More people were interested in an American than in a foreign small car:

Interested in having:	All families	Respondents who had seen one of the new domestic small cars	All families with incomes of $10,000 or more
Small American car	18%	21%	20%
Small foreign car	13	17	12
Either one	3	3	4
Neither one	62	58	62
Don't know; not ascertained	4	1	2
Total	100%	100%	100%

The question was: "Would you be interested in having one of these small American cars, or would you be interested in having a small foreign car, or wouldn't you be interested in either one?"

Fully 65 percent of all respondents, and 79 percent of those with an income of $10,000 or more, said that they had seen either the Ford Pinto, Chevrolet Vega, or American Motors Gremlin. These people were more interested in small cars, domestic or foreign, than those who had not seen them.

Many consumers said that the foreign cars had important competitive advantages with respect to quality and reliability, and that they had established a reputation. The findings in the fourth quarter of 1970 did not suggest that the new small domestic cars would greatly reduce the sales of imported cars in the near future. This was true despite the considerable predisposition on the part of many Americans to buy a car produced in this rather than in a foreign country.

Intentions to buy large household durables remained at a depressed level late in 1970.

	All families			Families with an income of $10,000 or more		
Intentions to buy large household appliances	4th Qtr. 1967	4th Qtr. 1969	4th Qtr. 1970	4th Qtr. 1967	4th Qtr. 1969	4th Qtr. 1970
Will buy (at least one item)	21.4%	20.5%	18.0%	26.1%	28.2%	27.1%
Probably will buy	3.5	1.3	1.7	4.5	1.2	1.8
Might buy	5.8	5.8	4.4	5.6	6.8	4.9
Will not buy	69.1	71.8	74.8	63.8	63.2	65.5
Not ascertained; don't know	.2	.6	1.1	*	.6	.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

These intentions were greatly dependent upon respondents' evaluations of market conditions for large household goods. Among those who thought that it was a good time to buy 28 percent said that they would or probably would buy; the proportion of planners was only 13 percent among respondents who expressed the opinion that it was a bad time to buy.

The proportion of families definitely planning to buy a home for owner occupancy during the next twelve months continued at a depressed level in the fourth quarter of 1970. The same was true of the evaluation of buying conditions for houses. Two reasons were given for this opinion with great frequency: respondents said that interest rates were too high and that real estate prices had risen too much.

OUTLOOK TABLES

TABLE II-I

INDEX OF CONSUMER SENTIMENT[a]

(February 1966 = 100)

Date of study	All families	Families with an income of $10,000 or more
November 1965	102.9	107.1
February 1966	100.0	100.0
May 1966	95.7	96.3
August 1966	91.2	89.8
Nov.-Dec. 1966	88.3	87.0
February 1967	92.2	93.4
May-June 1967	94.9	98.5
August 1967	96.5	97.0
November 1967	92.9	96.0
February 1968	95.0	95.4
May 1968	92.4	94.3
August 1968	92.9	94.6
Nov.-Dec. 1968	92.1	94.3
February 1969	95.1	95.5
May-June 1969	91.6	93.9
Aug.-Sept. 1969	86.4	87.5
Oct.-Nov. 1969	79.7	82.3
February 1970	78.1	75.8
April-May 1970	75.4	72.1
August 1970	77.1	76.4
Oct.-Nov. 1970	75.4[b]	76.4[b]

[a] Data back to 1952 are available from the Survey Research Center on request. The Index is based upon responses to five questions repeated in each survey, as set forth in Chapter 14 of this volume.

[b] Index values for October-November 1970 have been adjusted upward to make allowance for the fact that the survey was conducted during the auto strike. The index values shown here are those suggested in the Survey Research Center report issued to participants in November 1970.

TABLE II-2

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

	4th Qtr. 1965	4th Qtr. 1966	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
					All families					
Good times	71%	55%	62%	59%	56%	44%	40%	34%	39%	36%
Good in some ways, bad in others	4	6	6	6	7	7	8	9	10	8
Bad times	8	22	14	18	21	31	36	41	34	38
Uncertain	16	16	17	16	15	17	15	15	15	17
Not ascertained	1	1	1	1	1	1	1	1	2	1
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
					Families with an income of $10,000 or more					
Good times	86%	59%	72%	72%	65%	53%	43%	34%	45%	42%
Good in some ways, bad in others	2	8	5	5	6	8	7	10	10	9
Bad times	4	19	10	14	19	28	39	43	32	35
Uncertain	8	12	12	8	10	10	11	11	11	12
Not ascertained	*	2	1	1	*	1	*	2	2	2
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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*Less than 0.5 percent.

The question was: "Now turning to business conditions in the country as a whole - do you think that during the next twelve months we'll have good times financially or bad times, or what?"

TABLE II-3

CURRENT BUSINESS CONDITIONS IN COMPARISON TO THOSE A YEAR AGO

Business conditions now compared to a year ago	4th Qtr. 1965	4th Qtr. 1966	1st Qtr. 1968	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
					All families					
Better now	54%	36%	36%	36%	33%	28%	21%	16%	15%	18%
About the same	35	34	49	50	39	37	30	25	29	25
Worse now	6	22	10	11	23	32	44	55	54	54
Not ascertained, don't know, depends	5	8	5	3	5	3	5	4	2	3
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
					Families with an income of $10,000 or more					
Better now	70%	37%	42%	42%	31%	29%	18%	13%	12%	19%
About the same	25	31	47	45	37	32	26	17	25	20
Worse now	3	27	8	11	29	37	53	68	62	59
Not ascertained, don't know, depends	2	5	3	2	3	2	3	2	1	2
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

The question was: "Would you say that at present business conditions are better or worse than they were a year ago?"

TABLE II-4

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

Conditions expected in a year compared to now	4th Qtr. 1965	4th Qtr. 1966	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
	All families									
Better in a year	36%	17%	22%	22%	20%	19%	20%	20%	26%	22%
Same	53	60	61	59	57	50	49	49	50	52
Worse in a year	6	12	12	14	18	26	26	25	18	19
Don't know, not ascertained	5	11	5	5	5	5	5	6	6	7
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Families with an income of $10,000 or more									
Better in a year	46%	21%	22%	23%	22%	24%	22%	26%	35%	29%
Same	44	55	63	60	58	44	48	43	45	53
Worse in a year	6	15	11	14	17	27	26	26	16	15
Don't know, not ascertained	4	9	4	3	3	5	4	5	4	3
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better or worse than they are at present, or just about the same?"

TABLE II-5

RELATION OF EVALUATION OF CURRENT BUSINESS CONDITIONS TO EXPECTED BUSINESS CONDITIONS

Business conditions in a year compared to now	Business conditions now compared to a year ago: Better	Same	Worse	All Families*
	4th Quarter 1970			
Better in a year	6%	3%	12%	22%
Same	10	17	24	52%
Worse in a year	1	3	14	19%
All families*	18%	24%	54%	
	3rd Quarter 1970			
Better in a year	6%	5%	15%	26%
Same	8	20	22	50%
Worse in a year	1	3	14	18%
All families*	15%	29%	54%	
	2nd Quarter 1970			
Better in a year	5%	4%	11%	20%
Same	9	17	21	49%
Worse in a year	2	4	19	25%
All families*	16%	25%	55%	
	1st Quarter 1970			
Better in a year	7%	4%	9%	20%
Same	10	20	17	49%
Worse in a year	3	5	17	26%
All families*	21%	30%	44%	
	4th Quarter 1969			
Better in a year	9%	5%	5%	19%
Same	14	23	13	50%
Worse in a year	4	8	14	26%
All families*	27%	36%	32%	

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*Includes Don't Know and Not Ascertained cases.

The questions were: "Would you say that at present business conditions are better or worse than they were a year ago?" "And how about a year from now, do you expect that in the country as a whole business conditions will be better or worse than they are at present, or just about the same?"

TABLE II-6

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

Expected business conditions	4th Qtr. 1965	4th Qtr. 1966	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
					All families					
Good times	47%	33%	37%	35%	33%	31%	26%	22%	25%	20%
Uncertain, both good and bad	32	40	31	29	28	25	27	22	26	25
Bad times	14	21	23	26	31	36	39	44	40	46
Not ascertained	7	6	9	10	8	8	8	12	9	9
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
					Families with an income of $10,000 or more					
Good times	62%	44%	46%	44%	41%	42%	32%	26%	29%	28%
Uncertain, both good and bad	24	32	27	26	26	21	27	25	26	23
Bad times	10	19	19	20	25	28	35	40	35	39
Not ascertained	4	5	8	10	8	9	6	9	10	10
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

The question was: "Looking ahead, which would you say is more likely - that in the country as a whole we'll have continuous good times during the next five years or so, or that we will have periods of widespread unemployment or depression, or what?"

TABLE II-7

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

News heard	4th Qtr. 1966	4th Qtr. 1968	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
All families										
Heard favorable news	12%	16%	16%	19%	13%	14%	9%	10%	16%	17%
Heard unfavorable news	34	16	24	32	34	48	60	61	47	57
Did not hear any news	62	74	66	61	61	53	46	42	51	47
Families with an income of $5,000-7,499										
Heard favorable news	11%	12%	12%	18%	14%	11%	8%	13%	16%	22%
Heard unfavorable news	35	14	19	35	31	46	52	51	35	49
Did not hear any news	62	78	74	61	64	58	53	49	58	50
Families with an income of $7,500-9,999										
Heard favorable news	13%	17%	18%	20%	14%	15%	10%	11%	14%	15%
Heard unfavorable news	37	18	26	33	32	47	66	62	55	64
Did not hear any news	55	68	62	59	59	53	41	40	47	42
Families with an income of $10,000 or more										
Heard favorable news	15%	21%	21%	25%	15%	19%	13%	12%	21%	23%
Heard unfavorable news	52	21	33	41	54	67	77	79	55	66
Did not hear any news	44	67	55	48	45	38	33	30	41	38

The question was: "Have you heard of any favorable or unfavorable changes in business conditions during the past few months?"

Note: Totals add to more than 100 percent because some people mentioned two items.

TABLE II-8

EXPECTED CHANGE IN UNEMPLOYMENT

During the next 12 months unemployment:	1st Qtr. 1966	4th Qtr. 1966	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
					All families					
Will increase	11%	20%	27%	29%	35%	52%	60%	56%	50%	55%
No change	40	51	53	52	47	34	29	30	36	29
Will decrease	43	20	17	16	15	11	8	10	11	12
Don't know, not ascertained	6	9	3	3	3	3	3	4	3	4
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
				Families with an income of $10,000 or more						
Will increase	9%	20%	28%	33%	38%	62%	66%	63%	49%	53%
No change	41	54	56	51	46	28	26	26	36	29
Will decrease	48	18.	14	14	14	9	6	10	13	16
Don't know, not ascertained	2	8	2	2	2	1	2	1	2	2
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

The question was: "And how about people out of work during the coming 12 months - do you think that there will be more unemployment than now, about the same, or less?"

TABLE II-9

OPINIONS ABOUT RECURRENCE OF A RECESSION

Opinion	3rd Qtr. 1965	4th Qtr. 1965	1st Qtr. 1966	2nd Qtr. 1967	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
					All families					
Recession likely to happen again	20%	24%	29%	32%	34%	40%	41%	44%	45%	48%
Recession might happen again	12	15	19	16	16	15	15	17	11	12
Recession not likely to happen again	50	46	31	36	33	29	28	23	31	23
Don't know, depends	17	13	20	15	14	13	13	13	11	14
Not ascertained	1	2	1	1	3	3	3	3	2	3
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
					Families with an income of $10,000 or more					
Recession likely to happen again	26%	34%	34%	38%	37%	41%	43%	48%	48%	47%
Recession might happen again	14	16	18	18	16	16	13	18	9	12
Recession not likely to happen again	52	42	33	36	35	33	33	24	34	28
Don't know, depends	8	7	14	7	10	8	8	9	8	10
Not ascertained	*	1	1	1	2	2	3	1	1	3
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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*Less than 0.5 percent.

The question was: "How about a recession and unemployment like we hade in 1958 and in winter 1960-61; do you think this will happen again?"

TABLE II-10

OPINIONS REGARDING EFFECTS OF THE INTERNATIONAL SITUATION ON BUSINESS CONDITIONS

The international situation makes for:	1st Qtr. 1966	3rd Qtr. 1966	4th Qtr. 1966	2nd Qtr. 1967	4th Qtr. 1967	1st Qtr. 1968	3rd Qtr. 1968	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	1st Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
	All families												
Good times	54%	53%	46%	54%	59%	54%	51%	62%	59%	59%	47%	30%	36%
Good in some ways, bad in others	5	7	7	8	5	7	6	4	6	6	8	8	9
Bad times	22	23	25	24	21	26	26	19	22	19	29	41	36
No effect on business	6	5	7	5	5	4	5	4	4	4	5	4	5
Don't know, not ascertained, depends	13	12	15	9	10	9	12	11	9	12	11	17	14
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Families with an income of $10,000 or more												
Good times	65%	62%	55%	64%	73%	64%	62%	70%	70%	69%	53%	34%	38%
Good in some ways, bad in others	5	10	6	11	5	8	6	5	5	8	9	8	10
Bad times	17	20	27	16	15	18	18	13	14	13	23	40	32
No effect on business	7	5	6	5	3	5	6	5	5	4	6	5	8
Don't know, not ascertained, depends	6	3	6	4	4	5	8	7	6	6	9	13	12
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

The questions were: "Speaking now about the international situation - Vietnam, Cambodia, and the Middle East - how do you think the way these things are going affect <u>business</u> conditions here at home? (Do you think the way things are going make for good times, or bad times, or what?)

Note: At various times the wording of these questions has been changed to reflect current events.

TABLE II-11

EXPECTED CHANGE IN INTEREST RATES

	3rd Qtr. 1967	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
Interest rates will:					All families				
Go up	29%	38%	61%	39%	41%	33%	22%	23%	22%
Stay the same	46	40	25	37	31	36	32	40	30
Go down	4	5	5	10	17	18	31	25	36
Don't know	21	17	9	14	11	13	15	12	12
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
					Families with an income of $10,000 or more				
Go up	28%	41%	62%	32%	35%	28%	16%	17%	13%
Stay the same	53	45	26	43	33	39	34	43	34
Go down	8	7	7	18	26	26	39	34	48
Don't know	11	7	5	7	6	7	11	6	5
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

The question was: "What do you think will happen to interest rates during the next 12 months?"

TABLE II-12

CHANGE IN FAMILY INCOME IN CALENDAR YEARS[a]

	Past income change[b]					Expected income change[c]				
	1965 vs. 1964	1966 vs. 1965	1967 vs. 1966	1968 vs. 1967	1969 vs. 1968	1966 vs. 1965	1967 vs. 1966	1968 vs. 1967	1969 vs. 1968	1970 vs. 1969
	All families									
A lot higher	16%	14%	14%	17%	55%	43%	10%	10%	11%	44%
A little higher; higher	39	34	35	37			31	40	37	
No change	28	35	33	30	28	45	46	38	42	43
Lower	16	16	17	15	16	8	9	10	9	12
Don't know; not ascertained	1	1	1	1	1	4	4	2	1	1
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Families with an income of $10,000 or more									
A lot higher	24%	22%	22%	25%	72%	50%	11%	13%	12%	49%
A little higher; higher	46	41	42	46			38	43	45	
No change	17	24	22	17	17	37	38	32	30	35
Lower	13	11	13	12	10	10	9	10	11	14
Don't know; not ascertained	*	2	1	*	1	3	4	2	2	2
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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*Less than 0.5 percent.

[a] Data collected in surveys taken in the first quarter of each year.

[b] Income in the previous year as compared to income in the year before that. The questions asked in February 1970 were: "Was your family's total income higher in 1969 than it was the year before that (1968), or lower, or what? (IF HIGHER) "Was it a lot higher or just a little higher?"

[c] Income expected for the current year as compared to income in the previous year. The questions asked in February 1970 were: "Will your family income for this year 1970 be higher or lower than last year (1969)? (IF HIGHER) "Do you think it will be a lot higher, or just a little higher?"

TABLE II-13

CONSUMERS' EVALUATION OF THEIR FINANCIAL SITUATION AS COMPARED WITH A YEAR EARLIER

Evaluation of financial situation	4th Qtr. 1965	4th Qtr. 1966	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
					All families					
Better off	38%	35%	35%	34%	32%	32%	33%	33%	32%	31%
Same	44	38	44	41	42	38	37	39	41	39
Worse off	17	25	20	24	25	28	28	26	26	28
Uncertain	1	1	1	1	1	2	2	2	1	1
Not ascertained	*	1	*	*	*	*	*	*	*	1
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
					Families with an income of $10,000 or more					
Better off	56%	48%	47%	49%	45%	41%	44%	39%	40%	46%
Same	36	33	38	35	37	37	33	36	36	35
Worse off	7	18	14	15	17	20	21	24	23	18
Uncertain	*	1	1	1	1	2	2	1	1	1
Not ascertained	1	*	*	*	*	*	*	*	*	*
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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*Less than 0.5 percent.

The question was: "We are interested in how people are getting along financially these days. Would you say that you and your family are better off or worse off financially than you were a year ago?"

TABLE II-14

SELECTED REASONS FOR CONSUMERS' EVALUATION OF THEIR CURRENT FINANCIAL SITUATION

Reasons for being better off	4th Qtr. 1968	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
	All families								
Higher pay rate	18%	20%	14%	20%	16%	17%	15%	17%	13%
Higher income for other reasons, or not ascertained why	21	16	20	16	20	18	18	16	19
Better asset position, or smaller debt	8	9	8	8	9	9	9	8	10
Smaller expenses	2	2	2	3	3	3	2	2	2
Reasons for being worse off									
Lower income	9%	9%	7%	10%	9%	12%	10%	10%	13%
Higher prices	18	13	22	24	25	23	22	22	23
Higher taxes	4	3	4	4	3	3	3	1	2
Higher expenses	5	6	5	5	8	6	4	5	6
Worse asset position, or higher debt	1	3	2	3	3	3	3	2	3
	Families with an income of $10,000 or more								
Reasons for being better off									
Higher pay rate					23%	24%	20%	22%	20%
Higher income for other reasons, or not ascertained why					27	27	22	20	30
Better asset position, or smaller debt					13	12	12	10	15
Smaller expenses					3	4	2	2	3
Reasons for being worse off									
Lower income					5%	7%	8%	10%	9%
Higher prices					28	26	23	23	23
Higher taxes					4	4	4	1	2
Higher expenses					7	6	3	4	6
Worse asset position, or higher debt					4	3	3	1	1

The question was: "Why do you say so?" following the question noted in Table II-13.

TABLE II-15

REPORTS ON INCOME CHANGES DURING THE LAST YEAR

	4th Qtr. 1965	4th Qtr. 1966	4th Qtr. 1967	2nd Qtr. 1968	1st Qtr. 1969	2nd Qtr. 1969	4th Qtr. 1969	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
All families										
Making more now	49%	48%	45%	46%	47%	47%	50%	48%	45%	51%
Making about the same	36	38	40	43	39	41	37	36	39	32
Making less now	15	14	15	10	13	12	13	15	14	17
Don't know, not ascertained	*	*	*	1	1	*	*	1	2	*
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Families with an income of $10,000 or more										
Making more now	70%	64%	64%	63%	64%	66%	69%	57%	56%	67%
Making about the same	23	26	29	30	25	27	25	29	31	23
Making less now	7	9	7	7	11	6	6	13	13	10
Don't know, not ascertained	*	1	*	*	*	1	*	1	*	*
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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* Less than 0.5 percent.

The question was: "Are you people making as much money now as you were a year ago, or more, or less?"

TABLE II-16

RELATION OF INCOME CHANGES TO EVALUATION OF PERSONAL FINANCIAL SITUATION

Evaluation of personal financial situation	2nd Qtr. 1964	2nd Qtr. 1966	4th Qtr. 1966	4th Qtr. 1968	1st Qtr. 1969	2nd Qtr. 1969	4th Qtr. 1969	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
	Among those who are making more than a year ago									
Better off than a year ago	76%	67%	61%	63%	61%	60%	54%	55%	58%	51%
Same	16	26	26	26	30	27	30	28	31	31
Worse off than a year ago	7	5	12	10.	7	12	15	15	10	16
Uncertain	1	2	1	1	2	1	1	2	1	2
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Among those who are making the same as a year ago									
Better off	17%	11%	12%	9%	12%	12%	13%	14%	13%	12%
Same	68	70	60	73	70	62	54	61	61	60
Worse off	14	18	28	17	17	25	31	24	25	26
Uncertain	1	1	*	1	1	1	2	1	1	2
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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*Less than 0.5 percent

See Tables II-13 and II-15 for the questions.

TABLE II-17

EXTENT OF PRICE INCREASES EXPECTED DURING THE NEXT 12 MONTHS

	2nd Qtr. 1966	4th Qtr. 1967	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
Prices will go up by:	All families									
1 - 2%	35%	35%	33%	29%	26%	31%	21%	19%	23%	20%
3 - 4%	9	12	13	13	9	9	11	8	12	10
5%	20	26	23	29	32	23	28	30	23	28
6 - 9%	3	3	2	4	5	3	4	5	4	4
10% or more	4	7	6	8	8	5	9	10	6	8
Don't know, not ascertained how much prices will increase	8	7	6	7	6	4	5	6	6	7
Prices will not go up; not ascertained if will	21	10	17	10	14	25	22	22	26	23
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Prices will go up by:	Families with an income of $10,000 or more									
1 - 2%	41%	30%	31%	26%	24%	34%	21%	18%	20%	21%
3 - 4%	12	15	18	17	13	11	14	9	16	14
5%	18	31	31	33	36	25	30	33	28	33
6 - 9%	4	6	2	7	6	3	6	6	6	4
10% or more	5	9	5	7	8	4	9	13	5	8
Don't know, not ascertained how much prices will increase	6	4	2	4	3	2	3	2	2	2
Prices will not go up; not ascertained if will	14	5	11	6	10	21	17	19	23	18
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

The questions were: "Talking about prices in general, I mean the prices of the things you buy - do you think they will go up in the next year or so, or go down, or stay where they are now?" (IF WILL GO UP) "How large a price increase do you expect? Of course nobody can know for sure, but would you say that a year from now prices will be about 1 or 2% higher, or 5%, or closer to 10% higher than now, or what?"

TABLE II-18

COMPARISON OF EXPECTED AND PAST PRICE INCREASES

Price increases during the next 12 months will be:	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
				All families			
Larger than in past 12 months	45%	39%	28%	29%	29%	25%	27%
Same	32	33	29	28	31	29	32
Smaller than in past 12 months	7	8	13	17	14	15	14
Don't know, not ascertained	6	6	5	4	4	5	4
Prices will not go up; not ascertained if will	10	14	25	22	22	26	23
Total	100%	100%	100%	100%	100%	100%	100%
				Families with an income of $10,000 or more			
Larger than in past 12 months	42%	36%	21%	24%	28%	25%	24%
Same	37	34	33	32	32	30	36
Smaller than in past 12 months	12	16	21	24	18	20	20
Don't know; not ascertained	3	4	4	3	3	2	2
Prices will not go up; not ascertained if will	6	10	21	17	19	23	18
Total	100%	100%	100%	100%	100%	100%	100%

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*Less than 0.5 percent.

The question asked of respondents expecting prices to go up in the next year was: "Do you expect that the overall price increase during the next 12 months will be larger, the same, or smaller than during the past 12 months?"

TABLE II-19

EXPECTED CHANGE IN FINANCIAL SITUATION OF CONSUMERS

Expected change in financial situation	4th Qtr. 1965	4th Qtr. 1966	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
					All families					
Better off	40%	31%	36%	37%	33%	33%	33%	33%	32%	32%
Same	46	45	48	41	42	41	42	43	42	42
Worse off	5	11	6	12	14	14	13	11	13	12
Uncertain	9	13	10	10	11	12	11	12	13	13
Not ascertained	*	*	*	*	*	*	1	1	*	1
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
					Families with an income of $10,000 or more					
Better off	54%	38%	46%	46%	43%	44%	37%	38%	37%	41%
Same	36	36	43	40	37	35	38	41	42	39
Worse off	4	13	5	9	11	13	13	12	11	9
Uncertain	5	11	6	5	8	8	11	9	10	11
Not ascertained	1	2	*	*	1	*	1	*	*	*
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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*Less than 0.5 percent.

The question was: "Now looking ahead - do you think that a year from now you people will be better off financially, or worse off, or just about the same as now?"

TABLE II-20

BUYING CONDITIONS FOR CARS, LARGE HOUSEHOLD ITEMS, AND HOUSES

Opinion of buying conditions	4th Qtr. 1965	4th Qtr. 1966	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
Cars					All families					
Good time to buy	51%	23%	44%	41%	35%	28%	35%	35%	29%	24%
Uncertain, depends	39	51	35	35	35	34	29	31	28	30
Bad time to buy	10	26	21	24	30	38	36	34	43	46
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Large household items										
Good time to buy	55%	35%	51%	52%	43%	37%	39%	37%	34%	32%
Uncertain, depends	34	45	34	30	34	34	33	34	37	27
Bad time to buy	11	20	15	18	23	29	28	29	29	41
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Houses										
Good time to buy	51%	22%	38%	35%	25%	22%	21%	18%	23%	20%
Uncertain, depends	30	29	22	19	18	17	14	18	18	20
Bad time to buy	19	49	40	46	57	61	65	64	59	60
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
		Families with an income of $10,000 or more								
Cars										
Good time to buy		29%	51%	47%	44%	38%	44%	45%	34%	32%
Bad time to buy		21	19	20	28	31	35	29	39	44
Large household items										
Good time to buy		38%	57%	56%	47%	45%	39%	41%	40%	39%
Bad time to buy		13	12	15	20	25	26	25	23	33
Houses										
Good time to buy		26%	43%	37%	23%	27%	17%	17%	24%	23%
Bad time to buy		48	41	47	63	60	73	68	60	61

The questions were: "Speaking now of the automobile market - do you think the next 12 months or so will be a good time or a bad time to buy a car? About the things people buy for their house - I mean furniture, house furnishings, refrigerator, stove, television, and things like that. In general do you think now is a good or a bad time to buy such large household items? Generally speaking, do you think now is a good time or a bad time to buy a house?"

TABLE II-21

SELECTED REASONS FOR OPINIONS ABOUT MARKET CONDITIONS FOR CARS

Reasons for evaluation of car market conditions:	4th Qtr. 1965	4th Qtr. 1968	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	3rd Qtr. 1970	4th Qtr. 1970
	All families									
Good time to buy because:										
Prices are low; good buys available	20%	5%	12%	13%	9%	6%	25%	25%	13%	10%
Prices won't come down; are going higher	12	20	20	22	19	19	10	9	12	15
People can afford to buy; times are good	4	5	4	4	4	2	1	1	2	1
New features, models; good quality, selection; safety	6	3	7	5	4	2	2	2	3	2
Bad time to buy because:										
Prices are high; going up; may fall later	9	16	16	18	24	29	24	23	22	34
Credit is tight; interest rates high	*	3	7	10	11	12	15	14	20	9
Poor selection, quality, designs; safety	1	3	3	7	4	7	5	6	8	10
Strikes							*	*	2	12
	Families with an income of $10,000 or more									
Good time to buy because:										
Prices are low; good buys available						8%	33%	38%	19%	15%
Prices won't come down; are going higher						26	10	10	12	19
People can afford to buy; times are good						1	1	1	2	1
New features, models; good quality, selection; safety						2	2	3	2	2
Bad time to buy because:										
Prices are high; going up; may fall later						22	21	18	19	33
Credit is tight; interest rates high						14	18	16	19	8
Poor selection, quality, designs; safety						6	4	6	8	9
Strikes						*	*	*	2	15

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*Less than 0.5 percent.

The question was: "Why do you say so?" following the question noted in Table II-20.

TABLE II-22

SELECTED REASONS FOR OPINIONS ABOUT MARKET CONDITIONS FOR LARGE HOUSEHOLD ITEMS

Reason for evaluation of market conditions for large household items:	4th Qtr. 1965	4th Qtr. 1968	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	4th Qtr. 1970
	All families								
Good time to buy because:									
Prices are low; good buys available	20%	11%	16%	15%	12%	11%	22%	18%	13%
Prices won't come down; are going higher	14	20	22	26	20	20	14	15	18
People can afford to buy; times are good	10	7	7	6	5	3	2	2	3
New features; good quality, selection	6	3	4	3	2	2	3	2	2
Bad time to buy because:									
Prices are high, going up; may fall later	9	14	14	15	19	23	24	19	26
Credit is tight; interest rates high	*	3	6	8	11	9	14	13	13
Poor selection, quality, design						2	3	3	3
	Families with an income of $10,000 or more								
Good time to buy because:									
Prices are low; good buys available						13%	26%	22%	16%
Prices won't come down; are going higher						27	13	17	23
People can afford to buy; times are good						2	2	3	2
New features; good quality, selection						2	3	2	1
Bad time to buy because:									
Prices are high, going up; may fall later						21	20	16	19
Credit is tight; interest rates high						11	16	14	12
Poor selection, quality, design						1	3	3	4

---

*Less than 0.5 percent.

The question was: "Why do you say so?" following the question noted in Table II-20.

TABLE II-23

SELECTED REASONS FOR OPINIONS ABOUT MARKET CONDITIONS FOR HOUSES

Reasons for evaluation of market conditions for houses:	4th Qtr. 1965	4th Qtr. 1968	1st Qtr. 1969	2nd Qtr. 1969	3rd Qtr. 1969	4th Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	4th Qtr. 1970
	All families								
Good time to buy because:									
Prices are low; good buys available	14%	2%	3%	3%	1%	1%	4%	4%	7%
Prices won't come down; are going higher	15	18	20	20	15	13	10	9	9
People can afford to buy; times are good	8	5	3	3	3	2	1	1	1
New features; good quality, selection, supply	5	1	1	1	1	1	*	1	1
Credit will be tighter later; interest rates will go up	a	a	a	10	4	3	3	2	2
Interest rates are low						a	a	1	1
Bad time to buy because:									
Prices are high; may fall later	15	22	22	26	27	31	29	29	26
Credit is tight; interest rates high	1	19	24	36	45	46	56	53	48
Interest rates will come down later			a	a	1	1	*	1	3
	Families with an income of $10,000 or more								
Good time to buy because:									
Prices are low; good buys available						1%	3%	5%	10%
Prices won't come down; are going higher						16	9	8	10
People can afford to buy; times are good						1	1	*	1
New features; good quality selection, supply						*	1	1	*
Credit will be tighter later; interest rates will go up						5	4	2	3
Interest rates are low						a	a	1	2
Bad time to buy because:									
Prices are high; may fall later						26	26	25	22
Credit is tight; interest rates high						55	76	64	55
Interest rates will come down later						2	*	2	4

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*Less than 0.5 percent.

[a] Not coded separately.

The question was: "Why do you say so?" following the question noted in Table II-20.

TABLE II-24

INTENTIONS TO BUY CARS DURING NEXT 12 MONTHS

(Percentage of all families)

Surveys conducted in:	All Cars	New Cars	Used Cars
February			
1966	18.6	10.5	8.1
1967	17.3	9.7	7.6
1968	17.2	9.0	8.2
1969	17.5	9.2	8.3
1970	16.8	9.6	7.2
May			
1967	19.4	10.8	8.6
1968*	17.5	10.5	7.0
1969	19.0	11.1	7.9
1970	15.3	8.1	7.2
August			
1966	18.6	10.7	8.0
1967*	15.7	8.8	6.9
1968	17.4	10.7	6.7
1969	18.1	9.5	8.6
1970*	15.7	10.1	5.6
November			
1966	17.9	10.0	8.0
1967	19.5	10.1	9.4
1968	20.8	12.3	8.5
1969	16.0	9.3	6.7
1970	14.6	7.9	6.7

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*Surveys conducted by using the telephone to reinterview respondents previously interviewed in person. Adjustments were made in the data to allow for the absence of respondents without telephones.

Notes: Families (some consisting of one person only) reporting that they would or probably would buy, plus one-half of those who said they might buy during the next twelve months.

"Uncertain whether new or used" apportioned equally between new and used cars.

Due to increase in the population, the base rises by approximately 2 percent from one year to the next.

Table II-25

LONG-TERM PLANS TO BUY A CAR

Expected Timing of Next Purchase	1st Qtr. 1969	1st Qtr. 1970	2nd Qtr. 1970	4th Qtr. 1970
	All families			
Plans to buy within 12 months[a]	21%	20%	19%	17%
Plans to buy at a later time	47	50	51	55
Later, less than two years	7	7	6	7
Two years, less than three	20	22	23	24
Three years, less than four	10	9	10	10
Four years or more	10	12	12	14
Don't know, not ascertained when; "only when necessary"	14	14	16	11
Will probably never buy a car	18	16	14	17
Total	100%	100%	100%	100%
	Families with an income of $10,000 or more			
Plans to buy within 12 months[a]	28%	27%	23%	24%
Plans to buy at a later time	62	61	61	66
Later, less than two years	10	8	8	9
Two years, less than three	28	26	30	31
Three years, less than four	12	13	11	11
Four years or more	12	14	12	15
Don't know, not ascertained when; "only when necessary"	8	7	13	7
Will probably never buy a car	2	5	3	3
Total	100%	100%	100%	100%

---

[a] Will, probably or might buy a new or a used car within the next twelve months.

The question, asked of respondents without plans to buy a car within the next twelve months, was: "How long do you think it will be before you people buy a car?"

13

CHANGES IN LONGER-RANGE ATTITUDES

MOST of the attitudinal data collected each quarter by the Survey Research Center and discussed in the last four chapters relate to what may be called short-range attitudes of consumers, consisting of subjective evaluations of current conditions and expectations about the next twelve months. Movements of the Index of Consumer Sentiment, derived from such attitudes, have been related to changes in consumer demand during the next six or twelve months. Yet survey data have also been collected on longer-range expectations about personal finances and have proven useful for an understanding of economic behavior.

Personal Finances

Survey data on longer-range attitudes and expectations collected in 1968 in the United States, as well as in West Germany, England, and Holland, were presented in a recently published book.[1] Some similar American data were also collected in October 1970 and will here be compared with the 1968 data. In view of the recession of 1970, a study of changes in longer-range

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[1] Although some such data had been presented in Chapter 8 of the monograph, *1967 Survey of Consumer Finances,* reference should be made primarily to the book by George Katona, Burkhard Strumpel and Ernest Zahn, *Aspirations and Affluence,* published in January 1971 by McGraw-Hill, New York. Longer-range expectations are used in that book to contribute to an explanation of economic trends both in the United States and in affluent West European countries. Developments in Western Europe have been shown to differ in many respects from those in the United States and those differences are found to be based to a large extent on people's attitudes and expectations as they have emerged from traditions, norms and experiences accumulated over many years.

expectations during the last two years is of particular interest. While short-run attitudes deteriorated greatly in 1969 and 1970, the change in longer-run expectations was rather small during the last two years.

It is shown in Table 13-1 that, with respect to the evaluation of past changes in the personal financial situation, the recession of 1970 had a small impact. In October-November 1970 the proportion of American families saying that they were better off than four years ago was 3 percentage points lower than two years earlier, and the proportion saying that they were worse off 4 percentage points higher. The difference between the 1968 and 1970 data with respect to the expected personal financial situation in four years is still smaller and consists primarily of some increase in the frequency of lower-income families who are pessimistic. The proportion expecting to be better off four years from now was practically unchanged: 42 percent in 1970 as against 43 percent in 1968 among all families, and 54 as against 55 percent among upper-income families. Similarly, the proportion of families in the crucial group having both experienced and expected an improvement (better-better) declined only insignificantly, from 31 to 29 percent of all families and from 44 to 43 percent of upper-income families. Consumer misgivings appear to be concerned primarily with near-term economic prospects. In 1970 American consumers were reluctant to proceed with some of their optional purchases because inflation, unemployment, and the continuation of the war in Vietnam made them apprehensive. At the same time however, the longer-range optimism of a substantial proportion of Americans who felt that their standard of living had improved and would improve was not impaired.

The data obtained from different occupational and educational groups show substantial variations. As indicated in Table 13-2, this is especially true of long-range expectations and of the size of the better-better group. Among professionals, managers and skilled workers, as well as among college graduates, the proportion who both experienced and expected an improvement is much larger than among the other groups. The extent of optimism among Americans would have been larger in Table 13-1 if the table had been restricted to members of the labor force rather than including all families.

One question regarding longer-range expectations reported each quarter did show, however, a substantial deterioration in replies. This was the question regarding expected business trends during the next five years. The answers to this question, in spite of its wording, should not be viewed as people's forecasts of what would happen. Many respondents said that they did not know enough to answer the question; they were reassured by being told that they should report how they feel about the economic outlook rather than make a prediction. The question provided an indirect way of exploring people's then-current attitudes toward economic trends. Nevertheless, the optimism about personal finances had to be contrasted with absence of optimism about business trends and was therefore particularly noteworthy.

Reasons for Optimism

What is the explanation for the optimism expressed by a substantial proportion of Americans about the trend of their personal financial situation in 1970? We proceeded to study this question by asking survey respondents why their financial situation had improved during the past few years. The question, "Why are you making more than four years ago," was a rather puzzling one to many respondents. Nevertheless, the answers volunteered to this open question provide useful insights into people's thinking. A substantial proportion of people, in replying to the question, went beyond giving such simple answers as "I got a raise" or "My wages (salary) went up" and attribute their rising income to their own efforts or their personal accomplishments. It was shown in earlier years that ego-centered replies such as "I did a good job" or "I acquired experience" or "I advanced in my career" have been frequent. Table 13-3 indicates that the frequency of such answers was even somewhat greater in 1970 than in 1968. Most answers that could not be classified and are designated as neutral in the table, as well as references to external considerations, declined in frequency. Inflation, though it became much more pronounced during 1969 and 1970 continued to be mentioned by relatively few people as the reason for income gains.

When people believe that they themselves are responsible for the improvement in their situation, they tend to expect the improvement to continue. Business conditions and their impact on the personal situation may change, but reliance on one's own ability persists.

Relation of Perceived Progress to Buying Plans

People's views of their personal financial progress, in the past as well as in the future, influence their behavior. Those who believe that they have made progress and will continue to do so, in other words, the people who have been successful and aspire to future gains, represent the dynamic element of the population. Their rate of purchase and of purchase plans of newer durable goods, which are thought to be mainly responsible for an improvement in the standard of living, is larger than that of other population groups with different perceptions and expectations about their financial progress.

Past survey data have shown these relationships on the basis of multivariate analysis in order to isolate the influence of past and expected trends without regard to the impact of such relevant factors as income and age. Here we are concerned with a less ambitious undertaking, by asking simply whether the relations observed in 1967 and 1968 also persisted in 1970 or underwent a change during that year of recession.

In Table 13-4 we single out the group "better-better" as having perceived progress during the past four years and expected progress during the next four years. The purchase plans of this group, representing 31 and 29 percent of all families in 1968 and 1970, are compared with those of all other families. Because of the small number of cases in certain other trend groups, a more detailed tabulation is not warranted although it may be mentioned that the least frequent purchase plans were expressed by the groups characterized by stagnation (same-same) and by deterioration (expecting to be worse off four years from now). The better-better group expressed by far the most frequent plans to buy a new car during the next twelve months, to buy a car within the next three years, to buy appliances and especially two or more appliances during the next twelve months, as well as unsatisfied wishes. In all these respects the outstanding position of the better-better group was at least as large in 1970 as in 1968.

The replies to the question, "Are there any particular things that you and your family would like to buy or to spend money on, or do you have most of the things you want," are of particular interest. In both years 56 percent of all families spoke of things they would like to buy and mentioned a variety of wishes in response to a follow-up question. The 40 or 43 percent of all families who said that they have most or all of the things they want (in addition, a few respondents gave no answer so that the tabulations shown at the bottom of Table 13-4 do not add up to 100) consisted primarily of older people and of low-income people. This finding indicates that even expressed wishes are reality-bound rather than being a function of the extent of goods possessed. Therefore the conclusion is justified that late in 1970 the American consumers were not saturated and, more important still, that the extent of saturation did not grow from 1968 to 1970. Among the almost one-third of the population falling in the group better-better the frequency of unsatisfied wishes has even increased during 1969 and 1970. The maintenance of optimistic longer-range expectations appears to be primarily responsible for these findings; some postponement of planned purchases during 1970 may also have contributed to them.

People with a favorable financial trend (better-better) differ from other trend groups in many respects beyond their buying plans and unsatisfied wishes. Favorable long-run expectations influence educational aspirations; in the better-better group 83 percent wanted their sons to have a college education, against 70 percent in the other group. Somewhat more people in the better-better group than in other groups said that it was a good idea for a wife to take a job when their children were in school. Finally, in the better-better group 44 percent, and in other groups only 26 percent, said that they would like to work more than they do. These differences are worth mentioning, even though they are much less pronounced when the influence of income and age is also taken into consideration. There were no substantial changes during the last few years in the proportion of all families who expressed the attitudes just described.

It hardly needs to be added that on the whole the financial position of consumers, in common with their longer-run expectations, did not deteriorate during the last two years. Money incomes of the great majority of families have advanced; so have prices, but for a substantial proportion of families to a slightly lesser extent than incomes. Due to the increased saving performance in 1969 and 1970, the financial position of very many families has improved. Debt has become less burdensome in a period in which prices, and money incomes, have increased.

An attempt has been made to obtain a subjective measure of debt burden. It was found in October-November 1970 that 59 percent of all families made regular payments on either mortgage or installment debt or both, as against 61 percent in January 1969. Respondents who reported making regular payments were asked whether "it would be easy or a hardship for you to take care of larger payments than you make now." In reply a similar proportion—close to 40 percent of all families—reported at both times that making larger debt payments would represent a hardship. Most of the others said it would be easy, while a few did not express an opinion. Since the extent of purchases on the installment plan is frequently set according to one's ability to make regular payments, it is not surprising that the majority of debtors would find it hard to make larger regular payments than they actually do. The relevant finding is that the frequency of "it would be hard" answers did not increase during 1969 and 1970.

TABLE 13-1

EVALUATION OF PAST AND EXPECTED CHANGES IN THE PERSONAL FINANCIAL SITUATION

(Over the past 4 years and the next 4 years)

	Better or worse off than 4 years ago			
	All families		Families with incomes of $10,000 or more	
	Aug. 1968	Oct.-Nov. 1970	Aug. 1968	Oct.-Nov. 1970
Better	53%	50%	71%	68%
Same	23	21	17	15
Worse	21	25	11	14
Don't know	3	4	1	3
	100%	100%	100%	100%
	Better or worse off 4 years from now			
Better	43%	42%	55%	54%
Same	28	23	20	20
Worse	8	12	8	9
Don't know	21	23	17	17
	100%	100%	100%	100%
	Combination of past and future			
Better-better	31%	29%	44%	43%
Better-same or same-better	15	12	18	16
Better-worse or worse-better	9	10	9	9
Same-same	10	8	5	5
Same-worse or worse-same	8	9	4	5
Worse-worse	3	6	2	3
Don't know	24	26	18	19
	100%	100%	100%	100%

Table 13-2

EVALUATION OF THE PAST AND EXPECTED CHANGES IN THE PERSONAL FINANCIAL SITUATION BY OCCUPATION AND EDUCATION

(Over the past 4 years and the next 4 years)

I. OCCUPATION

	Professional and technical	Managers and self-employed	Clerical and sales	Skilled workers	Unskilled workers	Farmers and miscellaneous	Non-labor force
	Better or worse off than 4 years ago						
Better	66%	63%	49%	66%	56%	63%	24%
Same	13	17	19	17	12	18	33
Worse	15	18	26	15	25	13	40
Don't know	6	2	6	2	7	6	3
	100%	100%	100%	100%	100%	100%	100%
	Better or worse off 4 years from now						
Better	61%	52%	54%	53%	46%	37%	19%
Same	17	15	23	17	19	20	35
Worse	9	12	9	10	9	7	18
Don't know	13	21	14	20	26	36	28
	100%	100%	100%	100%	100%	100%	100%
	Combination of past and future						
Better-better	47%	41%	29%	43%	28%	30%	10%
Better-same or same-better	10	15	15	12	14	16	8
Better-worse or worse-better	12	8	18	9	12	3	9
Same-same	7	3	7	5	3	5	17
Same-worse or worse-same	3	6	9	7	6	6	15
Worse-worse	3	4	3	2	5	3	12
Don't know	18	23	19	22	32	37	29
	100%	100%	100%	100%	100%	100%	100%

Table 13-2 (continued)

EVALUATION OF THE PAST AND EXPECTED CHANGES IN THE PERSONAL FINANCIAL SITUATION BY OCCUPATION AND EDUCATION

(Over the past 4 years and the next 4 years)

II. EDUCATION

	8 Grades or less	Grades 9-11	High school diploma	College, no degree	College degree
	Better or worse off than 4 years ago				
Better	34%	47%	56%	54%	64%
Same	32	20	17	16	13
Worse	31	29	21	25	20
Don't know	3	4	6	5	3
	100%	100%	100%	100%	100%
	Better or worse off 4 years from now				
Better	19%	33%	52%	55%	59%
Same	31	28	18	18	20
Worse	16	14	8	11	10
Don't know	34	25	22	16	11
	100%	100%	100%	100%	100%
	Combination of past and future				
Better-better	13%	20%	33%	40%	46%
Better-same or same-better	8	12	16	9	13
Better-worse or worse-better	7	12	12	12	10
Same-same	15	9	5	7	6
Same-worse or worse-same	13	12	5	6	7
Worse-worse	9	6	4	6	5
Don't know	35	29	25	20	13
	100%	100%	100%	100%	100%

Table 13-3

REASONS GIVEN FOR MAKING MORE THAN FOUR YEARS AGO

(Percentage distribution of families with income increases)

	All families		Families with incomes of $10,000 or more	
Reasons	Aug. 1968	Oct.-Nov. 1970	Aug. 1968	Oct.-Nov. 1970
References to own efforts:				
Did good job, worked hard, deserved increase	6	8	9	8
Advanced in career, acquired more skill, experience	10	16	15	21
Changed job to a better one	18	14	10	13
Other reference to own effort*	8	8	12	11
Total	42	46	46	53
"Neutral" answers:				
Other family members started working	11	15	10	11
Received a raise	34	28	38	32
Total	45	43	48	43
References to "external" causes:				
Wages rose because of inflation	5	6	7	10
Everyone has higher incomes; union got us more	13	11	7	6
Business conditions better	9	5	10	5
Total	27	22	24	21
Not ascertained	2	1	1	1
Total	†	†	†	†
Proportion of those with income increases	63%	62%	81%	81%

*Related primarily to success in own business.

†Total exceeds 100 percent because some respondents gave two reasons.

Table 13-4

RELATION OF PERCEIVED AND EXPECTED PROGRESS TO BUYING PLANS

(Proportion expressing buying plans and wishes in percent)

	All families	Better-better[1]	All others
	New cars during the next 12 months		
Oct.-Nov. 1970	9	12	7
Aug. 1968	11	13	10
	Automobiles within the next 3 years[2]		
Oct.-Nov. 1970	48	65	41
Feb. 1967	33	45	29
	Any large household goods during the next 12 months		
Oct.-Nov. 1970	22	34	17
	29	39	25
	Two or more large household goods during the next 12 months		
Oct.-Nov. 1970	6	10	4 1/2
Aug. 1968	8	13	6
	Unsatisfied wishes[3]		
Oct.Nov. 1970			
Express wishes	56	65	52
Have all things	40	31	43 1/2
Aug. 1968			
Express wishes	56	60	54
Have all things	43	40	45

---

[1] Personal financial situation better than 4 years ago and will be better in 4 years.

[2] Two different questions are considered in part B of the table and therefore the absolute frequencies are not comparable. In 1970 the proportions expecting to buy a car during the next 3 years, while in 1968 the time elapsing between the last car purchase and the expected next purchase were tabulated.

[3] The question was: "Now I have a question about your wishes: Are there any particular things you (and your family) would like to buy or to spend money on, or do you have most of the things you want?"

PART THREE

METHODOLOGY

14

SURVEY METHODS

Sampling and Interviewing

THE samples of the Survey Research Center represent cross-sections of the population living in private households in the United States, excluding Alaska and Hawaii. Transients, residents of institutions, and persons living on military bases are not included. The method known as multistage area probability sampling is used to select a sample of dwelling units representative of the nation. First, 74 primary sampling units (each composed of a county or group of counties) are selected: 12 of the largest metropolitan areas are selected with certainty, and 62 other sampling units are selected by probability methods from among all remaining counties in the coterminous United States.

In each primary sampling unit three to six secondary selections of cities, towns, census tracts, or rural areas are made. In the third stage of sampling, urban blocks, or small portions (blocks) of rural areas are chosen. Finally, for each new survey a sample of dwelling units, in clusters of about four, is drawn from the block selections–always by a process of random choice.

The basic unit for sampling is the dwelling unit, and for interviewing, the family unit. A family unit is defined as all persons living in the same dwelling unit who are related to each other by blood, marriage, or adoption. A single person who is unrelated to the other occupants of the dwelling, or who lives alone, is a family unit by himself. In some dwelling units there are two or even several family units. Early in 1970 about 1.7 percent of all family units were secondary units unrelated to the primary family occupying the dwelling unit. The total number of family units in the coterminous 48 states can be estimated from survey data and from census data relating to the number of occupied dwelling units. Over the last few years there has been a steady and substantial increase in the number of families. Tentative expansions indicate that there were about 63.7 million family units early in 1970.

The head of the family unit is designated as the respondent. Five calls, and in some cases more, are made at different times in the day at dwelling units at which no one has been found at home. If a designated respondent refuses to give relevant information, a letter is sent urging him to reconsider. The letter is followed by another visit.

The Survey Research Center maintains a nationwide staff of interviewers, selected and trained by a staff of traveling supervisors. The interviewers are instructed in the careful and uniform use of the fixed-question open-answer technique. They pay particular attention to the establishment of rapport with respondents. Many questions are answered in the respondent's own words, which the interviewers record vebatim (or as nearly verbatim as possible). Nondirective probes are used to clarify the answers received.

The Content of the Surveys

The Survey Research Center in its studies of consumer behavior concentrates on the major volatile money outlays by consumers and the factors influencing them. Studies of the distribution of everyday expenditures—on food, clothing, incidentals, etc.—are not included in the survey program because (a) they change gradually and need not be studied at frequent intervals, and (b) their determination would require different methods (for instance, diaries left with respondents). In our affluent society discretionary outlays, both expenditures and amounts saved, play an important role. They require special attention and fortunately most of them are usually well remembered.

In addition to questions on a variety of demographic characteristics, questions are asked in the annual financial surveys on the following major topics:

1. Income in the calendar year prior to the interview. The income schedule is rather detailed, containing questions on 17 sources of income of the head or other members of the family unit.
2. Housing status and debt on homes owned at the time of the interview, and purchases, sales, or additions and repairs in the preceding year.
3. Automobile ownership as well as purchases, sales, and debt incurred or repaid in the preceding year.
4. Purchases, sales, and debt on other durable goods for the previous year.
5. Other major transactions and other debt.
6. Financial assets and life insurance at the time of the interview.

In order to assess changes in consumers' opinions and feelings of optimism and confidence, quarterly rather than annual surveys are conducted. Each of the quarterly surveys contains about 30 periodically repeated questions. The questions are concerned with attitudes toward and expectations about personal finances, the national business situation, price changes, and market conditions. Taken together, observed changes in these measures of consumer sentiment provide an indication of changes in consumer willingness to make major discretionary expenditures. Questions on buying intentions–for houses, automobiles, household goods–throw light on consumer inclinations to buy certain specific items as of the time of the survey.

Direct questions are supplemented with open-ended probes, or *"why"* questions, which respondents answer in their own words. These probes serve to uncover the reasons behind attitudes; it is just as important to know why consumers feel as they do as it is to known how they feel. Answers to "*why*" questions turn up cue words like recession, cold war, unemployment, stock market, inflation. The frequency of these cues, available from a content analysis of answers, provides a useful measure of the extent to which changes in attitudes are salient to consumers.

Surveys of this kind are not intended to establish an absolute measure of the state of consumer sentiment at a given time. They are intended to measure *change.* Comparison with previous measurement indicates the direction of change in consumer optimism and to some extent also the degree of change.

In order to measure ohange in attitudes it is necessary to use identical methods in repeated surveys–in sampling, question formulation, and the analysis of replies. Since, however, each new period brings forth new problems, many surveys also contain new questions in addition to the trend questions.

Index of Consumer Sentiment

Change in consumers' willingness to buy may best be determined by making use of the answers to all questions asked in the quarterly surveys. Nevertheless, in order to make available a summary measure of change in consumer sentiment, the Survey Research Center uses the answers to five questions to calculate an Index. The five questions are:

1. "We are interested in how people are getting along financially these days. Would you say that you and your family are better off or worse off financially than you were a year ago?"
2. "Now looking ahead–do you think that a year from now you people will be better off financially, or worse off, or just about the same as now?"
3. "Now turning to business conditions in the country as a whole–do you think that during the next twelve months we'll have good times financially, or bad times, or what?"

4. "Looking ahead, which would you say is more likely—that in the country as a whole we'll have continuous good times during the next five years or so, or that we will have periods of widespread unemployment or depression, or what?"
5. "About the big things people buy for their homes—such as furniture, house furnishings, refrigerator, stove, television, and things like that. For people in general, do you think now is a good or a bad time to buy major household items?"

To construct the Index, a relative score is calculated for each question separately, by taking the percentage giving favorable or optimistic answers, subtracting the percentage giving unfavorable answers, and adding 100. (It will be noted that this procedure is equivalent in effect to assigning a value of 2 to favorable responses, of 1 to "same" or "don't know" responses, and of 0 to unfavorable answers.) An average is then taken over the five relative scores, and the result is adjusted to the base (February 1966 survey = 100).

As with all the questions on consumer attitudes and expectations studied in connection with the outlook for consumer demand, absolute values of the Index are of less importance than its changes.

Survey Errors

Properly conducted sample interview surveys yield useful estimates, but they do not yield exact values. Errors may arise from several sources: sampling, nonresponse, reporting, and processing. Each source of error must be considered in evaluating the accuracy of survey information. Because of these different kinds of error, differences between current and past findings may not be significant.

Sampling errors arise in surveys because only a fraction of the population is interviewed. Since the data obtained in successive surveys are based on representative samples drawn by probability methods, the size of the sampling errors can be calculated. The magnitude of the sampling error depends on the size of the sample and its geographic spread, and on the magnitude of the reported percentage in question.

Sampling errors are presented in two ways; first, as they relate to survey findings (Table 14-1); second, as they relate to differences in survey findings, either differences between two independent samples or differences between subgroups of the same sample (Table 14-2). Sampling errors are not a measure of the actual errors involved in specific survey measurements. They mean that, except for nonsampling errors, errors greater than those shown in Table 14-1 or differences larger than those found in Table 14-2 will occur by chance in only five cases out of one hundred.

In order to determine the sampling errors of specific findings it is necessary to know the size of the sample on which the finding is based. Table 14-3 presents the number of cases in the 1970 financial survey for several important subgroups of the sample.

The Sampling Section of the Survey Research Center has made elaborate calculations to determine the sampling errors of the major attitudinal and expectational measures used by the Center.[1] Averaging a number of such calculations, the size of one standard error was found to be 1.65 whenever the reported percentage is near 50 percent (see Table 14-4). For some purposes a measure of two standard errors should be used, i.e., the figures in Table 14-4 should be multiplied by two. The chances are 19 out of 20 that answers obtained from the entire population would lie within two standard errors. The sampling error for families with over $10,000 income is half again as high as it is for the entire sample.

From the individual attitudinal measures, a relative score may be constructed by adding 100 to the percentage of optimistic replies and subtracting the percentage of pessimistic replies. For instance, if 50 percent say that they are better off than a year ago and 15 percent say they are worse off, the relative score would be 135. Table 14-5 shows the standard error of the relative scores for the five questions used in calculating the Index of Consumer Sentiment, and also the standard error of the Index itself.

The standard error for intentions to buy automobiles is also shown in Table 14-5. In this case the relative score consists of the percentage of families who report they will or probably will buy a car during the next twelve months, plus one-half of those saying they might buy.

Nonresponse errors arise because some persons selected for the sample refuse to be interviewed, are not at home after repeated callbacks, are ill, or do not speak English. The response rate in the four surveys conducted in 1970 was approximately 80 percent. Nearly two-thirds of the nonresponse resulted from refusal to be interviewed or to give important data. Much of the remainder resulted from inability of the interviewer to contact anyone at the dwelling unit.

Reporting errors—due to misunderstanding of questions or answers, lack of interest by the respondent, or intentional falsification—are kept at a minimum by careful training of interviewers, by attempting to gain the confidence and cooperation of the respondent so that he will answer to the best of his ability, and by watching for inconsistencies in the process of coding and analysis. Because answers are influenced by the wording of questions, conclusions based

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[1] See Leslie Kish, "Standard Errors for Indexes from Complex Samples," *Journal of the American Statistical Association,* June 1968.

on answers to a single question are less reliable than those emerging from answers to several questions or from the interrelationship of answers to several questions. Reporting errors are minimized when comparisons are made between answers to identical questions obtained in successive surveys making use of the same methods; there is reason to assume that reporting errors have the same direction and similar magnitudes under these circumstances.

TABLE 14-1

APPROXIMATE SAMPLING ERRORS[a] OF SURVEY FINDINGS

(In percentages by size of sample or subgroup)

Reported percentages	Number of interviews							
	3,000	2,000	1,400	1,000	700	500	300	100
50	2.5	2.8	3.2	3.6	4.2	4.9	6.2	10.5
30 or 70	2.3	2.5	2.9	3.3	3.8	4.5	5.7	9.6
20 or 80	2.0	2.2	2.6	2.9	3.4	3.9	4.9	8.4
10 or 90	1.5	1.7	1.9	2.2	2.5	2.9	3.7	6.3
5 or 95	1.1	1.2	1.4	1.6	1.8	2.1	2.7	4.6

---

[a] The figures in this table represent two standard errors. Hence, for most items the chances are 95 in 100 that the value being estimated lies within a range equal to the reported percentages, plus or minus the sampling error.

TABLE 14-2

APPROXIMATE SAMPLING ERRORS[a] OF DIFFERENCES

(In percentages)

	Size of group						
Size of group	3,000	2,000	1,400	1,000	700	500	200
	For percentages from 35 percent to 65 percent						
3,000	3.5	3.7	4.0	4.4	4.9	5.5	7.9
2,000		3.9	4.2	4.6	5.0	5.6	8.0
1,400			4.5	4.8	5.3	5.8	8.1
1,000				5.1	5.5	6.1	8.3
700					5.9	6.4	8.6
500						6.9	8.9
200							11.0
	For percentages around 20 percent and 80 percent						
3,000	2.8	3.0	3.2	3.5	3.9	4.4	6.3
2,000		3.2	3.4	3.7	4.0	4.5	6.4
1,400			3.6	3.8	4.2	4.7	6.5
1,000				4.1	4.4	4.9	6.7
700					4.8	5.2	6.9
500						5.5	7.2
200							8.5
	For percentages around 10 percent and 90 percent						
3,000	2.1	2.2	2.4	2.6	2.9	3.3	4.7
2,000		2.4	2.5	2.7	3.0	3.4	4.8
1,400			2.7	2.9	3.2	3.5	4.9
1,000				3.1	3.3	3.6	5.0
700					3.6	3.9	5.2
500						4.1	5.4
200							6.4
	For percentages around 5 percent and 95 percent						
3,000	1.6	1.7	1.8	2.0	2.2	2.5	3.6
2,000		1.8	1.9	2.0	2.3	2.5	3.6
1,400			2.0	2.2	2.4	2.6	3.7
1,000				2.3	2.5	2.7	3.8
700					2.7	2.9	3.9
500						3.1	4.0
200							4.8

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[a] The values shown are the differences required for significance (two standard errors) in comparisons of percentages derived from two different subgroups of a survey.

TABLE 14-3

NUMBER OF FAMILIES IN VARIOUS DEMOGRAPHIC GROUPS

(1970)

Group characteristic	Number of families
All families	2317
1969 family income	
Less than $1,000	36
$1,000-1,999	139
$2,000-2,999	178
$3,000-3,999	170
$4,000-4,999	134
$5,000-5,999	134
$6,000-7,499	270
$7,500-9,999	412
$10,000-14,999	631
$15,000 or more	472
Life cycle stage of family head	
Younger than age 45	
Unmarried, no children	183
Married, no children	169
Married, youngest child under age 6	496
Married, youngest child age 6 or older	261
Age 45 or older	
Married, has children	324
Married, no children, head in labor force	380
Married, no children, head retired	246
Unmarried, no children, head in labor force	150
Unmarried, no children, head retired	197
Any age	
Unmarried, has children	170
Occupation of family head	
Professional and technical	303
Managers and officials	179
Self-employed	99
Clerical and sales	287
Craftsmen and foremen	373
Semiskilled	360
Unskilled	252
Farmers	61
Miscellaneous	189
Retired	473
Age of family head	
Younger than age 25	257
25-34	471
35-44	488
45-54	514
55-64	426
65-74	276
Age 75 or older	144
Education of family head	
0-5 grades	136
6-8 grades	460
Some high school	449
High school	483
Completed high school plus other noncollege training	273
Some college	412
College, bachelor's degree	209
College, advanced or professional degree	138
Not ascertained	16
Race of respondent	
White	2250
Negro	279
Other	47

Note: The term "no children" means no children younger than age 18 living at home. Unemployed people and housewives age 55 or older are considered retired; unemployed people and housewives younger than age 55 are considered to be in the labor force.

TABLE 14-4

AVERAGE SAMPLING ERRORS OF THE MAJOR ATTITUDINAL VARIABLES, BASED ON 1,350 CASES

If the percentage is near			
50	20 (or 80)	10 (or 90)	5 (or 95)
then the standard error of that percentage is			
1.65	1.3	1.0	0.7
and the standard error of a difference (change) in that percentage is			
2.0	1.65	1.2	0.9

TABLE 14-5

STANDARD ERRORS OF THE INDEX OF CONSUMER SENTIMENT AND ITS FIVE COMPONENTS

	Standard error of	
	Value	Change
Index of Consumer Sentiment	1.2	1.3
	Relative score	Change of relative score[a]
Components of the index:		
Evaluation of financial situation as compared with a year earlier	2.3	3.0
Expected change in financial situation	1.7	2.4
Business conditions expected over the next 12 months	2.3	2.9
Business conditions expected for the next 5 years	2.4	2.5
Good or bad time to buy large household goods	2.7	3.1
Intentions to buy automobile during the next 12 months	1.9	2.4

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[a] See the text of Chapter 14 for the method used to calculate relative scores for the various questions.

15

QUESTIONNAIRE

The questionnaire used in the financial survey conducted early in 1970 is reproduced here. The surveys conducted late in 1970 contained a few additional questions which are reproduced under the tables reporting the findings.

INTERVIEWER: LIST ALL PERSONS, INCLUDING CHILDREN LIVING IN THE DWELLING UNIT, BY THEIR RELATION TO THE HEAD.

6. All persons, by relation or connection to head	7. Sex	8. Age	9. Family Unit No.	10. Indicate Resp. by Check
1. HEAD OF DWELLING UNIT			1	
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				

SECTION A: GENERAL ATTITUDES

A1. We are interested in how people are getting along financially these days. Would you say that you and your family are better off or worse off financially than you were a year ago?

1. BETTER NOW | 3. SAME | 5. WORSE NOW | 8. UNCERTAIN

↓ ↓ ↓ ↓

A2. Why do you say so? ______________________________

____

A3. Now looking ahead - do you think that a year from now you people will be better off financially, or worse off, or just about the same as now?

1. WILL BE BETTER OFF | 3. SAME | 5. WILL BE WORSE OFF | 8. UNCERTAIN

A4. We'd like to know what's happened here in ...(COMMUNITY NAME)... to the prices of things you buy. During the past year, have they stayed about the same, gone up, or gone down?

1. GONE UP | 3. STAYED ABOUT SAME | 5. GONE DOWN

↓

A4a. About how much would you say prices have gone up during the last year -- about 1 or 2 percent, or 5 percent, or closer to 10 percent, or what?

____

A5. Thinking about prices of things you buy in general, do you think they will go up in the next year or so, or go down, or stay where they are now?

1. GO UP | 3. SAME | 5. GO DOWN | 8. DON'T KNOW

↓

(IF WILL GO UP)

A6. How large a price increase do you expect? Of course nobody can know for sure, but would you say that a year from now prices will be about 1 or 2% higher, or 5%, or closer to 10% higher than now, or what?

____

A7. Do you expect that the overall price increase during the next twelve months will be larger, the same, or smaller than during the past twelve months?

____

A8. Why do you say so? ______________________________

____

____

A9. Now turning to business conditons in the country as a *whole* - do you think that during the next 12 months we'll have good times financially, or bad times, or what?

1. GOOD TIMES | 2. GOOD, WITH QUALIFICATIONS | 3. PRO-CON

4. BAD, WITH QUALIFICATIONS | 5. BAD TIMES | 8. UNCERTAIN

A10. Why do you think that? ______________________________

A11. Would you say that at the present time business conditions are better or worse than they were a year ago?

1. BETTER NOW | 3. ABOUT THE SAME | 5. WORSE NOW

A12. During the last few months, have you heard of any favorable or unfavorable changes in business conditions?

____

(IF YES) A12a. What did you hear? ______________________________

IF NOT CLEAR WHETHER A CHANGE R MENTIONS IS FAVORABLE OR UNFAVORABLE, PROBE:
"Would (MENTION CHANGE) be favorable or unfavorable?"
AND NOTE "favorable" OR "unfavorable".

A13. And how about a year from now, do you expect that in the country as a whole business conditions will be better or worse than they are at present, or just about the same?

1. BETTER A YEAR FROM NOW | 3. ABOUT THE SAME | 5. WORSE A YEAR FROM NOW

A14. How about people out of work during the coming twelve months - do you think that there will be more unemployment than now, about the same, or less?

1. MORE | 3. ABOUT THE SAME | 5. LESS

(IF MORE) A14a. Why do you think we will have more unemployment?

____

A15. Looking ahead, which would you say is more likely - that in the country as a whole we'll have continuous good times during the next five years or so, or that we will have periods of widespread unemployment or depression, or what?

____

(IF DON'T KNOW OR DEPENDS) A15a. On what does it depend in your opinion? ______________________________

A16. How about a recession and unemployment like we had in 1958 and in the winter of 1960-61: do you think this will happen again?

____

A17. Now about Vietnam, the cold war, our relations with Russia and China — how do you think the way things are going in the world today are affecting business conditions here at home? (Do you think they make for good times or bad times, or what?)

____

____

A18. No one knows for certain, but do you think it is likely that there will be a reduction in the fighting in Vietnam, or do you expect the fighting to continue at its present level, or what?

1. END TO FIGHTING, CEASE FIRE
2. REDUCTION IN FIGHTING
3. CONTINUE AT PRESENT LEVEL
4. INCREASE IN FIGHTING

A19. Have you heard of the new Truth in Lending Law that provides for disclosure of interest rates paid on money borrowed?

1. YES   5. NO - (GO TO Q. A22)

A20. Now that the law is in force have you learned anything about interest rates that you didn't know before the law was passed?

1. YES   5. NO - (GO TO Q. A22)

A21. What have you learned? ____________________

____

____

A22. Do you happen to know whether there have been any changes during the last few months in the interest rate paid on savings, or in the interest paid by individuals or businesses when they borrow money?

____

(IF YES)

A23. What kinds of changes? (Increase or decrease) ________________

____

A24. What effects do you think the changes might have on business conditions?

____

____

A25. No one can say for sure, but what do you think will happen to interest rates during the next 12 months?

1. GO UP | 3. STAY THE SAME | 5. GO DOWN | 8. DON'T KNOW

A26. Will the Federal income taxes people are paying this year be the same as last year, 1969, or will they be higher or lower?

1. HIGHER | 3. STAY THE SAME | 5. LOWER | 8. DON'T KNOW

A27. Do you happen to know what the stock market has done during the last few months? (Tell me about it)

(IF R MENTIONS MARKET DECLINE)

A28. Would you say that what happened at the stock market will have an effect on business trends during the next few months, or will the economy not be affected by the decline in stock prices? (What kind of effect?)

B. HOUSING

B1. Now I'd like to talk with you about things here at home. First about housing. When did you move into this (house/apartment)?

____________________(YEAR)

B2. Do you (FAMILY UNIT) own this (home/apartment), pay rent, or what?

☐ OWNS OR IS BUYING THIS (HOME/APARTMENT) - (GO TO Q. B4 OR Q. B5)

☐ PAYS RENT ON THIS (HOME/APARTMENT) - (GO TO Q. B3)

☐ NEITHER OWNS NOR RENTS THIS (HOME/APARTMENT) - (GO TO Q. B12)

(IF RENTS)	B3. About how much rent do you pay a month? $________________

(IF OWNS OR IS BUYING)

IF R LIVES IN MULTIPLE DU STRUCTURE, TRY TO GET VALUE FOR ONLY R'S DU. HOWEVER IF R CAN GIVE YOU ONLY VALUE OF ENTIRE STRUCTURE, BE SURE TO NOTE THAT FIGURE IS FOR WHOLE STRUCTURE.

(IF MOVED IN DURING 1968 OR EARLIER)	B4. Could you tell me what the present value of this house (farm) is? I mean, about what would it bring if you sold it today? $________________
(IF MOVED IN DURING 1969 OR 1970)	B5. Was it a brand new house or had it been lived in before? 1. BRAND NEW 2. LIVED IN BEFORE B6. How much did the house (farm) cost? $________________

HV ☐☐☐☐☐☐ HP ☐☐☐ EQ ☐☐☐☐☐☐

(IF OWNS OR IS BUYING)

B7. Do you have a mortgage on this property?

☐ YES ☐ NO - (GO TO Q. B12)

B8. Do you also have a second mortgage?

☐ YES ☐ NO

	First Mortgage	Second Mortgage
B9. About how much is your mortgage now?	$________	$________
B10. How much are your monthly payments?	$________	$________
B11. What interest rate are you paying on the mortgage?	________ (PERCENT)	________ (PERCENT)

M ☐☐☐☐☐☐ P ☐☐☐

(ASK EVERYONE)

B12. Generally speaking, do you think now is a good time or a bad time to buy a house?

☐ 1. GOOD ☐ 3. PRO-CON ☐ 5. BAD ☐ 8. DON'T KNOW

B13. Why do you say so? ____

____

B14. Do you expect to buy or build a house for your own year-round use during the next twelve months?

☐ 1. YES (GO TO Q. B16) ☐ 5. NO

B15. How about during the year after that? ______________________________

____

ADDITIONS AND REPAIRS

(ASK EVERYONE)

B16. Did you have any expenses for work done on this (house and lot/apartment) in 1969 - things like upkeep, additions, improvements, or painting and decorating? (FARMERS -- EXCLUDE FARM BUILDINGS; LANDLORDS -- EXCLUDE INCOME PROPERTY)

☐ 1. YES ☐ 5. NO - (GO TO Q. B20)

B17. What was done? -- anything else? (ENTER WORK DONE) →			
B18. How much did it cost?	$______	$______	$______
B19. Did you borrow or finance any of it?	☐ YES ☐ NO	☐ YES ☐ NO	☐ YES ☐ NO

TC ☐☐☐☐

(ASK EVERYONE)

B20. Do you expect to make any large expenditures for work on this (house and lot/apartment) during the next 12 months -- things like upkeep, additions, or improvements, or painting and decorating? (FARMERS -- EXCLUDE FARM BUILDINGS; LANDLORDS EXCLUDE INCOME PROPERTY)

☐ 1. YES ☐ 3. POSSIBLY, IT DEPENDS ☐ 5. NO

C. CARS

C1. Do you or anyone else here in your family own a car?

YES

NO - (TURN TO Q. C27)

C2. Altogether, how many cars do you and your family living here own? ____________ (CARS)

(INTERVIEWER: ASK REST OF PAGE FOR EACH CAR OWNED BY FU)

Now I'd like to ask a few questions about the car(s) you have now.	CAR #	CAR #	CAR #
C3. What year model is it?	19____	19____	19____
C4. What make of car is it? (2 WORD ANSWER)			
C5. Is it a 2-door sedan, a 4-door sedan, a station wagon, convertible, or what?			
C6. Is it a compact, regular size, something in-between, or what?			
C7. Did you buy this car new or used?	1. NEW 2. USED	1. NEW 2. USED	1. NEW 2. USED
C8. In what year did you buy it?	19____	19____	19____

ASK Q's C9-C11 FOR EACH CAR BOUGHT IN 1968 OR EARLIER.
ASK Q's C12-C22 FOR EACH CAR BOUGHT IN 1969 OR 1970.

LIST ALL CARS BOUGHT IN 1968 OR EARLIER (FROM Q. C8), AND ASK C9-C11 FOR EACH CAR

	CAR #	CAR #	CAR #
LIST MODEL YEAR AND MAKE →			
C9. Do you (R AND FU) owe money on that car now?	NO (GO TO BOX B) YES	NO (GO TO BOX B) YES	NO (GO TO BOX B) YES
C10. How much are your payments?	$________ per________	$________ per________	$________ per________
C11. How many payments do you have left to make?	________	________	________

BOX B	(INTERVIEWER: ASK QUESTIONS C9-C11 FOR EACH CAR BOUGHT IN 1968 OR EARLIER AND THEN TURN TO NEXT PAGE)

RID ☐☐☐☐ ☐☐☐☐ ☐☐☐☐

LIST CARS BOUGHT IN 1969 OR 1970 (FROM Q. C8), AND ASK C12-C22 FOR EACH CAR.

		CAR #	CAR #	CAR #
Now about the cars you bought in 1969 or already this year -- LIST MODEL YEAR AND MAKE				
C12. What was the total price of this car?	TP	$______	$______	$______
C13. Did you buy your car from a new car dealer, a used car dealer, or a private individual?		1.NEW 2.USED 3.PRIVATE	1.NEW 2.USED 3.PRIVATE	1.NEW 2.USED 3.PRIVATE
C13. When you bought this car did you trade-in or sell a car?		1.YES 5.NO ↓	1.YES 5.NO ↓	1.YES 5.NO ↓
(IF TRADE-IN OR SALE) C15. What did you get for the trade-in or sale?	TI	$______	$______	$______
C16. How much did you pay down in cash?		$______	$______	$______
C17. Did you borrow or finance part of the total price?		5.NO (GO TO BOX C) 1. YES	5.NO (GO TO BOX C) 1. YES	5.NO (GO TO BOX C) 1. YES
(IF BORROWED) C18. How much did you borrow, not including financing charges?	AB	$______	$______	$______
C19. How much are your payments and how often are they made?		$______ per______	$______ per______	$______ per______
C20. How many payments did you agree to make altogether?		______	______	______
C21. How many payments have you made?		______	______	______
C22. How many payments do you have left to make?		______	______	______
	RID	☐☐☐☐	☐☐☐☐	☐☐☐☐

BOX C	If purchase involved sale or trade-in of another car, ask C23-C26. If no purchase or sale was involved, go to C27.

LIST ALL CARS BOUGHT IN 1969 OR 1970 WITH A TRADE-IN OR SALE ("YES" TO C14).
ASK C23-C26 ABOUT THE TRADE-IN.

	CAR #	CAR #
Now about the car(s) you (traded-in/sold) when you bought your ⟶ (LIST MODEL YEAR AND MAKE OF CAR BOUGHT)		
C23. What year model was the car you (traded-in/sold)?	19____(YEAR)	19____(YEAR)
C24. What make was it? (2 WORD ANSWER)	______	______
C25. What year did you buy the car you (traded-in/sold)?	19____(YEAR)	19____(YEAR)
C26. Did you buy it new or used?	1.NEW 2.USED	1.NEW 2.USED

(ASK EVERYONE)

C27. During 1969 did you sell, give away, or scrap a car (that we haven't talked about)?

1. YES   5. NO - (GO TO Q. C29)

C28. How many cars did you sell, scrap, or give away during 1969? ________

C29. Speaking now of the automobile market - do you think the next twelve months or so will be a good time or a bad time to buy a car?

1. GOOD   3. PRO-CON   5. BAD   8. DON'T KNOW

C30. Why do you say so? ____________________

____

C31. Do you or anyone else in the *family* living here expect to buy a car during the next twelve months?

____

(IF YES, PROBABLY, OR MAYBE TO Q. C31)

C32. Will it be a brand new car or a used car? (IF TWO CAR PURCHASES PLANNED, USE MARGIN FOR SECOND)

1. NEW   2. USED   9. UNCERTAIN

C33. When do you think you might buy this car?

____

C34. How much do you think you will pay for it? $__________

C35. At that time will you trade in or sell (any of) your present car(s)?

1. YES   5. NO

(GO TO Q. C37)

(IF NO TO Q. C31)

C36. How long do you think it will be before you people buy a car?

____

____

C37. We've been talking about cars. Now I'd like to ask you about other types of vehicles. Do you or anyone else in the family here own any kind of a truck, or a jeep-type vehicle?

1. YES   5. NO - (GO TO Q. C39)

C38. How many do you own? ____________________

(ASK ABOUT EACH ONE) C38a. Is it a pick-up, or van, or jeep-type vehicle, or what?

____________ ____________ ____________

C39. Have you heard of plans of the U.S. automobile companies to bring out later this year a new small type of car, smaller than domestic cars now on the market?

1. YES   5. NO (GO TO Q. C43)   8. DON'T KNOW (GO TO Q. C43)

C40. According to what you have heard, how would these new domestic small cars compare with Volkswagen --

C40a. Do you expect their size to be the same, larger, or smaller than Volkswagen?

3. SAME   1. LARGER   5. SMALLER   8. DON'T KNOW

C40b. Do you expect their price to be the same, higher or lower than Volkswagen?

3. SAME   1. HIGHER   5. LOWER   8. DON'T KNOW

C40c. Do you expect their cost of operation to be the same, higher, or lower than Volkswagen?

3. SAME   1. HIGHER   5. LOWER   8. DON'T KNOW

C41. If you were to buy a small car, would you prefer the new car made in this country, or a foreign car at the same price, or would you not be interested in either one?

1. AMERICAN   3. FOREIGN (GO TO Q. D1)   5. NEITHER (GO TO Q. D1)   8. DON'T KNOW (GO TO Q. D1)

C42. Would you be willing to pay more for the new domestic car than for the foreign car?

1. YES   3. MAYBE   5. NO (GO TO Q. D1)   8. DON'T KNOW (GO TO Q. D1)

C42a. Would you be willing to pay $100 more, or $200 more, or what for the domestic car?

____

(GO TO Q. D1)

C43. The U.S. automobile companies will introduce a new small type of car about the size of the Volkswagen this year. If you were to buy a small car, would you prefer the new car made in this country, or a foreign car at the same price, or would you not be interested in either one?

1. AMERICAN

3. FOREIGN (GO TO Q. D1)

5. NEITHER (GO TO Q. D1)

8. DON'T KNOW (GO TO Q. D1)

C44. Would you be willing to pay more for the new domestic car than for the foreign car?

1. YES

3. MAYBE

5. NO (GO TO Q. D1)

8. DON'T KNOW (GO TO Q. D1)

C44a. Would you be willing to pay $100 more, or $200 more, or what for the domestic car?

____

(INTERVIEWER: ENCOURAGE WIFE TO HELP WITH THIS SECTION)

D. OTHER DURABLES

D1. How about large things for the home -- did you buy anything in 1969 such as furniture, a refrigerator, stove, washing machine, color television set, air conditioner, household appliances, and so on?

1. YES ↓ 5. NO - (GO TO Q. D7)

D2. What did you buy? — anything else? (ENTER EACH ITEM)			
D3. How much did it cost, not counting financing charges?	$________	$________	$________
D4. Was there a trade-in, or did you sell your old one, or what?	NEITHER (GO TO D6) TI ↓ S ↓	NEITHER (GO TO D6) TI ↓ S ↓	NEITHER (GO TO D6) TI ↓ S ↓
(IF <u>TRADE-IN</u> OR <u>SALE</u>) D5. How much did you get for it?	$________	$________	$________
D6. Did you buy it on credit, or pay cash, or what?	CASH ONLY CREDIT	CASH ONLY CREDIT	CASH ONLY CREDIT

INTERVIEWER: REPEAT Q'S D3-D6 FOR EACH ITEM MENTIONED, THEN GO TO Q. D7

TC ☐☐☐☐ TI ☐☐☐☐ NO ☐☐☐☐

(ASK EVERYONE)

D7. Now about the big things people buy for their homes — such as furniture, refrigerator, stove, television, and things like that. <u>Generally speaking</u>, do you think now is a good or a bad time for people to buy major household items?

1. GOOD ↓ 3. PRO-CON ↓ 5. BAD ↓ 8. UNCERTAIN ↓

D8. Why do you say so? ____

____

____

D9. Do you (R AND FU) expect to buy any large items such as furniture, a refrigerator, stove, washing machine, television set, air conditioner, household appliances, and so on during the next 12 months?

☐ 1. YES ☐ 2. PROBABLY ☐ 3. MAYBE ☐ 5. NO ☐ 8. DON'T KNOW

D10. What will (might) you buy? ____________________

D10a. Anything else? ____________________

E. OTHER MAJOR TRANSACTIONS

E1. Now how about larger recreation and hobby items -- did you buy anything of this sort during *1969 -- for instance*, camping equipment, a vacation trailer, photographic equipment, a musical instrument, power tools, a boat, sports equipment, and so on?

☐ 1. YES ☐ 5. NO - (GO TO Q. E6)

E2. What did you (FU) buy? E3. Anything else? (ENTER ITEMS)			
E4. How much did it cost?	$________	$________	$________
E5. Did you buy it on credit or pay cash or what?	☐ CASH ONLY ☐ CREDIT	☐ CASH ONLY ☐ CREDIT	☐ CASH ONLY ☐ CREDIT

TC ☐☐☐☐

E6. Did you or anyone else in the family take a vacation trip of five days or more during the last twelve months?

☐ 1. YES ☐ 5. NO

E7. Roughly how much did you spend altogether, including transportation and other things that cost more than if you were home?

$____________

F. OTHER PAYMENTS AND DEBT

F1. Aside from payments on autos are you currently making any payments on the installment plan for appliances or any other goods you people have bought, or for any other reason?

1. YES ↓ 5. NO ↓

Fla. How about purchases on credit or revolving credit from stores?

1. YES ↓ 5. NO

(IF YES TO F1 OR Fla)

F2. How much are your payments per month? (enter in table)

F3. How many months do you have left to pay? (enter in table)

F1. ITEMS	F2. HOW MUCH/MONTH	F3. HOW MANY MONTHS LEFT

(ISR use only)

TD			

TMP ☐☐☐☐

TD ☐☐☐☐

F4. Suppose you needed a thousand dollars for a car which you would repay in twelve monthly payments. About how much do you think the interest or carrying charges would be? (IF DEPENDS ON WHERE BORROWED — ASK FOR SOURCE)

____

F4a. (If respondent gives a dollar answer.) About what percent interest rate would that be?

____________________ PERCENT

F5. There is a lot of talk about credit cards these days, and we're interested in what you think about them. Would you say that using credit cards is a good thing or a bad thing or what?

1. GOOD	2. GOOD WITH QUALIFICATIONS	3. PRO-CON	4. BAD WITH QUALIFICATIONS	5. BAD	8. UNCERTAIN

F6. What do you think are the advantages of credit cards, if any? ____________________

____

F7. How about the disadvantages. What are they, if any? ____________________

____

F8. Do you people use any credit cards?

1. YES   5. NO - (GO TO Q. G1)

F9. What kind of credit cards do you use?

F9a. What about gasoline cards? USE -(enter in table) DON'T USE

F9b. What about bank cards? USE -(enter in table) DON'T USE

F9c. What about other <u>general purpose cards</u> which allow you to charge bills at stores, hotels and restaurants, other than bank cards?

USE -(enter in table) DON'T USE

F9d. What about spec<u>ific</u> cards good for only one <u>store or chain</u> or one company? USE -(enter in table) DON'T USE

F10. (For each card-type mentioned) How many of this type of card do you use?

F11. (For each card-type mentioned) About how much did you charge on this (these) card(s) last month?

F12. (For each card-type mentioned) How much of a balance do you owe on this (these) card(s)? I mean how much of last month's bill haven't you paid?

F9. TYPE OF CREDIT CARD	F10. NUMBER OF SUCH CARDS	F11. AMOUNT CHARGED LAST MONTH	F12. UNPAID BALANCE
F9a. GASOLINE CARD			
F9b. BANK CARD			
F9c. GENERAL PURPOSE CARD			
F9d. SPECIFIC CARD			

TN ☐☐   TAC ☐☐☐☐   TUB ☐☐☐☐

G. OCCUPATION AND EMPLOYMENT

G1. Next we would like to talk with you about your work and the employment of others in the family. How about your present job? Are you (HEAD) working now, unemployed or laid off, retired and not working, or what?

OCC ID# ☐☐☐ IND ☐☐

- 1. RETIRED
- 2. PERMANENTLY DISABLED
- 3. HOUSEWIFE
- 4. STUDENT

} (TURN TO Q. G13)

- 5. WORKING NOW
- 6. UNEMPLOYED, SICK, OR LAID OFF TEMPORARILY

G2. What is your (HEAD'S) main occupation - that is, the kind of work you (HEAD) have been doing to earn a livelihood? ______________________

____

G3. What kind of business is that in? ______________________

____

G4. Do you (HEAD) work for someone else, or yourself, or what?

2. SOMEONE ELSE 3. BOTH SOMEONE ELSE AND SELF 1. SELF ONLY

G5. How many weeks of vacation did you (HEAD) actually take in 1969? ________WEEKS

G6. How many weeks were you (HEAD) unemployed last year? ________WEEKS

G7. How many weeks were you (HEAD) ill or not working for any other reason last year? ________WEEKS

G8. Then, how many weeks did you (HEAD) actually work on the job in 1969? ________WEEKS

G9. How many hours a week did you (HEAD) <u>usually</u> work when you were working on your main job? ______HRS./WK.

G10. Did you (HEAD) also have a second job in 1969?

1. YES 5. NO - (TURN TO Q. G12)

G11. About how many hours <u>altogether</u> did you (HEAD) work in 1969 on an extra job? __________HOURS

G12. Some people would like to work more hours a week if they could be paid for it. Others would prefer to work fewer hours a week even if they earned less. How do you feel about this?

1. MORE 5. FEWER 3. SAME 8. DON'T KNOW

G12a. (If more or fewer) Why would you like to work (more/fewer) hours?

____

____

____

G13. (INTERVIEWER: CHECK BOX)

☐ MALE FU HEAD HAS WIFE

☐ MALE FU HEAD HAS NO WIFE (TURN TO Q. H1)

☐ FEMALE HEAD (TURN TO Q. H1)

G14. Did your wife do any work for money during 1969?

1. YES 5. NO - (TURN TO Q. H1)

OCC B ☐

G15. What kind of work did she do? ________________________

____

G16. About how many hours a week did she usually work when she was working? __________HOURS PER WEEK

G17. How many <u>weeks</u> did she actually work in 1969? ____________WEEKS

H. INCOME

H1. In this survey of families all over the country, we are trying to get an accurate picture of people's financial situation.

(INTERVIEWER: SEE Q. G2, AND CHECK ONE)

☐ 1. FARMER (AS MAIN JOB) ☐ 5. NOT FARMER - (GO TO Q. H5)

H2. What were your total receipts from farming in 1969, including soil bank payments and commodity credit loans? $__________(A)

H3. What were your total operating expenses, not counting living expenses? $__________(B)

H4. That left you a net income from farming of (A - B) . . . . . is that right? $__________

(ASK EVERYONE)

H5. Did you or anyone else in the family living here own a business at any time in 1969, or have a financial interest in any business enterprise?

☐ 1. YES ☐ 5. NO - (GO TO Q. H11)

H6. What kind of business was it? ______________________________

____

H7. Was it a corporation or an unincorporated business or did you have an interest in both kinds?

☐ 1. CORPORATION - (GO TO Q. H11)

☐ 2. UNINCORPORATED ☐ 3. BOTH ☐ 8. DON'T KNOW

H8. How much was your (family's) share of the total income from the business in 1969 -- that is, the amount you took out plus any profit left in? $__________

H9. Do you have any partners in the business?

☐ 1. YES ☐ 5. NO

H10. About how much would you say that your share of the business is worth? I mean what would you get out of it if it were sold and all the debts paid off? $__________

H11. How much did you (HEAD) receive from wages and salaries in 1969, that is, before anything was deducted for taxes or other things? $__________

H12. In addition to this, did you (HEAD) have any income from overtime, bonuses, or commissions?

☐ YES ☐ NO - (GO TO Q. H14)

H13. How much was that? $_______________

H14. Did you (HEAD) receive any other income in 1969 from:

(IF YES TO ANY ITEM, ASK: "How much was it?" AND ENTER AMOUNT AT RIGHT)

(IF NO, ENTER "0")

NOTE: SHOW CALCULATIONS, IF ANY

a. professional practice or trade. . . . . $__________

b. farming or market gardening, roomers or boarders . . . . $__________

c. dividends . . . . $__________

d. interest, trust funds, or royalties, rent. . . . . $__________

e. social security, pensions or annuities, or other retirement pay . . $__________

f. any other sources, like family allotments, unemployment compensation, welfare, or help from relatives, or anything else

____________________ . . . . $__________
(SPECIFY)

H15. (INTERVIEWER: CHECK BOX)

☐ MALE FU HEAD HAS WIFE

☐ MALE FU HEAD HAS NO WIFE (TURN TO Q. H18)

☐ FEMALE FU HEAD (TURN TO Q. H18)

H16. Did your wife have any income during 1969?

☐ YES ☐ NO - (TURN TO Q. H18)

D17. How much did she make altogether before deductions? $__________

H18. (INTERVIEWER: SEE FACE SHEET FOR ANYONE (OTHER THAN HEAD AND WIFE) AGED 14 OR OLDER AND CHECK BOX)

☐ NO ONE 14 OR OLDER (EXCEPT HEAD AND WIFE) - (GO TO Q. H21)

☐ OTHER FAMILY MEMBERS 14 AND OLDER ↓

LIST OTHER FU MEMBERS 14 AND OLDER BY RELATION TO HEAD AND AGE →			
H19. Did (MENTION MEMBER) have any income during 1969?	NO YES ↓	NO YES ↓	NO YES ↓
H20. How much income did (he/she) have?	$________	$________	$________

TFI ☐☐☐☐☐☐

H21. Was your family's total income higher in 1969 than it was the year before that (1968), or lower, or what?

☐ 1. HIGHER IN 1969 ↓ ☐ 2. LOWER IN 1969 ↓ ☐ 3. SAME - (GO TO Q. H23)

H22. About how much did your family income go (up/down) from 1968 to 1969; did it (increase/decrease) by just 1 or 2 percent, or by 5 percent, by 10 percent or what?

____

H23. How do you think your total family income for this year, 1970, will compare with the past year, 1969 - will it be higher, about the same, or lower?

☐ 1. 1970 HIGHER ↓ ☐ 3. ABOUT THE SAME ☐ 5. 1970 LOWER

H24. (IF HIGHER) About how much do you expect your 1970 income will be higher than last year, 1969; will it be 1 or 2 percent higher, or 5 percent, or 10 percent higher, or what?

____

J. ASSETS

J1. Do you or others in your family now carry any life insurance which you purchased yourself or which your employer provides as part of employment benefits?

- 1. PURCHASED BY FAMILY ONLY
- 3. BOTH PURCHASED BY FAMILY AND THROUGH EMPLOYER
- 5. THROUGH EMPLOYER ONLY (GO TO J11)
- 0. NEITHER (GO TO J11)

J2. With respect to life insurance which you purchased yourself, how much did you (entire family) put into premiums in 1969? $__________

J3. What is the face value of these policies? $__________

J4. Are these policies the kind which build up a cash value and you can borrow on them, or are they term insurance?

- 1. CASH VALUE ONLY
- 3. TERM INSURANCE ONLY
- 5. BOTH CASH VALUE AND TERM INSURANCE

J5. Were any of these policies bought by you or others in your family during the past 2 years?

- 1. YES
- 5. NO - (GO TO J11)

J6. Was this (were these) policy the cash value kind or was it term insurance?

- 1. CASH VALUE ONLY
- 3. TERM ONLY
- 5. BOTH TERM AND CASH VALUE

J7. How much is the premium that you pay per year on this (these) policy(ies)? $__________

J8. How much time did the agent who sold you the policy(ies) spend with you at the time of the purchase __________

J9. Now about the services that the agent performed; did he -

a) Help you determine your overall insurance needs? YES NO

b) Give you advice on the various ways proceeds of the policy(ies) could be paid out? YES NO

c) Give you tax advice? YES NO

d) Provide any service to you after you bought your policy(ies)? YES NO

J10. During the last two years how many other times were you seen by this (these) or other life insurance agents)

____

(GO TO Q. J16)

(ASK Qs. J11-J15 ONLY IF <u>NO</u> PERSONAL INSURANCE HAS BEEN PURCHASED DURING PAST 2 YEARS)

J11. Did you (or any member of your family) consider purchasing any personal life insurance during the past 2 years?

1. YES ↓ 5. NO (GO TO Q. J15)

J12. Why did you decide not to buy the insurance? ______________________

____

(IF NOT MENTIONED IN Q. J12) J13. Was this because you think you have enough insurance, or because you made other investments, or what?

____

____

(IF "OTHER INVESTMENT" MADE) J14. What was the investment and what advantage do you think it had over life insurance?

____

____

J15. During the past 2 years how many times were you approached by a life insurance agent?

____

(ASK EVERYBODY)

J16. Do you or persons in your family expect to buy any (or any additional) insurance during the next twelve months or so?

1. YES 5. NO

J17. What developments, would you say, would determine whether or not you will buy life insurance next year?

____

J18. Do you (R AND FU) have any certificates of deposit?

1. YES ↓ 5. NO - (GO TO Q. J20)

J19. What is their total value? $ ______________

J20. Do you or others in your family now have any savings accounts at banks, savings and loan associations, mutual savings banks, or credit unions, not including certificates of deposit? (CHECK WHICH APPLY)

BANK | SAVINGS AND LOAN ASSN. | MUTUAL SAVINGS BANKS | CREDIT UNION | NO (GO TO Q. J23)

J21. How many accounts do you (FU) have? __________

J22. About what is the total amount you have in all these accounts? $__________

J23. Do you or others in your family (R AND FU) have any checking accounts at banks?

1. YES | 5. NO - (GO TO Q. J26)

J24. About what is the total amount you now have in all these accounts? $__________

J25. About how many checks do you and your family write in a month, on the average? __________

(ASK EVERYONE)

J26. Do you (R AND FU) own any common or preferred stock in a corporation, including companies you have worked for, or own stock through an investment club? (CHECK THE APPROPRIATE BOXES)

a) Common or preferred stock in a corporation, including companies you have worked for?	YES	NO
b) Mutual fund shares?	YES	NO
c) Stock through an investment club?	YES	NO

(IF OWNS MUTUAL FUNDS)

J27. Approximately how much are these mutual fund shares worth? $ ______

J28. Did you purchase any mutual fund shares within the last year?

1. YES   5. NO

J29. Do you expect to buy any mutual fund shares within the next 12 months?

1. YES   5. NO

(IF OWNS STOCK)

J30. Is it stock that is sold to the general public, or stock in a privately held corporation?

1. SOLD TO GENERAL PUBLIC   2. PRIVATELY HELD (GO TO Q.J32)   3. BOTH   4. DON'T KNOW

J31. Approximately how much are these stocks and shares worth? $ ______

J32. Have you purchased or sold any stocks since this time last year?

1. SOLD ONLY   2. PURCHASED ONLY   3. BOTH SOLD AND PURCHASED   4. NEITHER

J33. Do you (R AND FU) own any United States Government Savings Bonds?

1. YES   5. NO - (GO TO J35)

J34. What is the face value of these bonds? $ ______

J35. Do you own any other types of bonds such as municipal or corporate bonds?

1. YES   5. NO - (GO TO 37)

J36. What is the face value of these bonds? $ ______

J37. Do you own any real estate (other than this place here) such as a lot, summer home, an apartment building, or business property? (INCLUDE LAND CONTRACTS OR MORTGAGES <u>OWED TO</u> ANY FAMILY MEMBER)

1. YES 5. NO - (GO TO J41)

TOR ☐☐☐☐☐☐

TRD ☐☐☐☐☐☐

J38. What do you own? ENTER PROPERTY OWNED ⟶				
J39. About how much is it worth?	$_______	$_______	$_______	$_______
J40. How much do you owe on this property?	$_______	$_______	$_______	$_______

J41. Considering all your savings or reserve funds, during the past year have you added to them, reduced them, or have they remained about the same?

ADDED REDUCED SAME (GO TO J43)

J42. Is this an unusually large (increase/decrease), or is it rather typical?

1. ADDED UNUSUALLY LARGE 5. REDUCED UNUSUALLY LARGE

2. ADDED RATHER TYPICAL 6. REDUCED RATHER TYPICAL

3. ADDED LESS THAN USUAL 7. REDUCED LESS THAN USUAL

J43. How much money do you expect to save in the next 12 months?

$____________

J44. Are you satisfied or dissatisfied with the present amount of your savings and reserve funds?

1. SATISFIED 5. DISSATISFIED 8. DON'T KNOW

K. INFORMATION ABOUT FAMILY

(ASK EVERYONE)

K1. Now I have just a few more questions. Are you (HEAD) married, single, widowed, divorced, or separated?

1. MARRIED | 2. SINGLE | 3 WIDOWED | 4. DIVORCED | 5. SEPARATED

(2.–5.: GO TO Q. K3)

(1.:) K2. How long have you been married? ____________ (YEARS)

(ASK FOLLOWING QUESTIONS
FOR BOTH HEAD AND WIFE)

		(HEAD)	(WIFE)
K3. How many grades of school did you finish?		____________(GRADES)	____________(GRADES)
(IF MORE THAN 8)	K4. Have you had any other schooling?	NO YES	NO YES
(IF YES TO Q. K4)	K5. What other schooling did you have?	____________ (COLLEGE, SECRETARIAL, BUSINESS, TRADE SCHOOL, NURSING, ETC.)	____________ (COLLEGE, SECRETARIAL, BUSINESS, TRADE SCHOOL, NURSING, ETC.)
	(IF ANY COLLEGE) K6. Do you have a college degree?	NO YES	NO YES
	(IF YES TO Q. K6) K7. What degrees do you have?	____________ ____________	____________ ____________

L1. Do you have a telephone here at home?

1. YES NO

L2. Is there any way you can be reached by telephone?

2. YES 5. NO → GO TO Q. L5)

L3. We are particularly interested in changes in people's financial situation and opinions. Therefore, we might want to make a <u>very brief</u> phone call to you in a few months to see how you are getting along and whether your ideas have changed. Would you give me your phone number please? (IF NECESSARY, ASSURE R THAT THE NUMBER WILL BE HELD IN STRICT CONFIDENCE AND NOT USED FOR <u>ANY</u> OTHER PURPOSE)

1. GIVEN 5. REFUSED

L4. Just so that we will be sure to get the right person if we do call again, would you please give me your name? (IF NECESSARY ASSURE R THAT THE NAME GOES ON A SEPARATE SHEET OF PAPER AND WILL BE KEPT APART FROM THE INTERVIEW)

1. GIVEN 5. REFUSED

(IF TELEPHONE NUMBER <u>OR</u> NAME GIVEN, FILL OUT A TELEPHONE SHEET)

(IF R REFUSES, EXPLAIN): ____________________

____

L5. These are all the questions I have. When we are finished with this survey we can send you some of our findings as our way of thanking you, if you will send this card. (HAND REPORT REQUEST CARD TO R)

(INTERVIEWER: CHECK TO MAKE SURE Q's 2, 3, 4, 5, on PAGE 1 ARE COMPLETE. REMEMBER TO FINISH OBSERVATION SHEET AND THUMBNAIL SKETCH).

M. OBSERVATION DATA

(INTERVIEWER: BY OBSERVATION ONLY)

M1. Sex of Head of Family Unit: 1. MALE 2. FEMALE

M2. Sex of Respondent: 1. MALE 2. FEMALE

M3. Race: 1. WHITE 2. NEGRO 3. OTHER - (Specify)____________________

M4. Number of calls: __________________

M5. Who was present during interview: ______________________________

M6. TYPE OF STRUCTURE IN WHICH FAMILY LIVES:

☐ TRAILER

☐ DETACHED SINGLE FAMILY HOUSE

☐ 2-FAMILY HOUSE, 2 UNITS SIDE BY SIDE

☐ 2-FAMILY HOUSE, 2 UNITS ONE ABOVE THE OTHER

☐ DETACHED 3-4 FAMILY HOUSE

☐ ROW HOUSE (3 OR MORE UNITS IN AN ATTACHED ROW)

☐ APARTMENT HOUSE (5 OR MORE UNITS, 3 STORIES OR LESS)

☐ APARTMENT HOUSE (5 OR MORE UNITS, 4 STORIES OR MORE)

☐ APARTMENT IN A PARTLY COMMERCIAL STRUCTURE

☐ OTHER (Specify)______________

____

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