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SURVEY OF CONSUMER FINANCES

BY GEORGE KATONA JAMES N. MORGAN JAY SCHMIEDESKAMP JOHN A. SONQUIST

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SURVEY RESEARCH CENTER INSTITUTE FOR SOCIAL RESEARCH THE UNIVERSITY OF MICHIGAN ANN ARBOR, MICHIGAN

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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 to make it possible for 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 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 in the 1960's. Some other economic studies of the Center on special topics relevant at certain times are not reported in this series of monographs.

This monograph contains findings obtained in four surveys conducted in 1967. In that year the annual Survey of Consumer Finances was linked with a special project designed to trace consumers' borrowing behavior over several years and financed by the Ford Foundation. For this purpose the 1967 sample will be followed over four years, and the Survey of Consumer Finances will profit by the availability of panel data on the behavior of identical consumer units over a fairly long period. The traditional activities, consisting of the collection of financial as well as attitudinal data from samples representative of all U. S. consumers, continue to be financed by private business firms. This monograph has four parts. In the first one financial data are presented. The distribution of income and of expenditures on housing, automobiles, and other durables in 1966 and of financial assets and debts in early 1967 is compared with similar data in earlier years. The relations among the economic data (for instance, of debt to income) and of economic to demographic data (for instance, of debt to stage of life cycle) are shown in numerous tables. The interest in consumer credit, reflected in the panel design, yielded new material this year on debt and debt payments.

Part Two contains reports on special studies on consumer attitudes and expectations carried out in 1967. Consumer attitudes toward debt, its perceived function and cost, are studied in some detail. Secondly, past and expected income changes are considered jointly and it is shown that families with both past and expected income increases contribute greatly to the demand for durable goods. Finally, the structure of expressed intentions to buy durables and their relation to past purchases are analyzed.

Part Three, just as Part One, has been included in each volume of this series of monographs. It contains four reports prepared by the Center in 1967 on the consumer outlook as revealed in quarterly surveys on changes in consumer opinions, attitudes, and expectations.

In Part Four the reader is given information on the survey methods used, the questionnaires, and the distribution of the samples by demographic characteristics.

The Economic Behavior Program of the Survey Research Center is directed by George Katona in association with John B. Lansing, James N. Morgan, and Eva Mueller. James N. Morgan was in charge of the debt panel study, John Sonquist of the arrangements for the annual financial survey, and Jay Schmiedeskamp served as the principal assistant in the quarterly attitudinal surveys. 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 on the IBM 1401 (and later on the IBM 360) computer located in the Institute for Social Research, and on the University of Michigan Computing Center's IBM 7090. The computing operations were carried out under the direction of Carl Bixby and Duane Thomas. Alice Pruss, Janet Keller, Evelyn Hansmire, and Karen Dickinson provided valuable technical assistance.

Sue Hudson typed the entire set of tables that appear in this volume. Lee Behnke was responsible for drawing graphic details on tables, figures, and charts.

PREFACE

Responsibility for the analysis contained in individual chapters was divided among several collaborators whose substantial contributions are gratefully acknowledged herewith:

Chapter	
1, 2,	Income - John A. Sonquist Debt - Frank P. Stafford, Judith H. Hy- bels
3, 4 & 5,	Housing - Nancy Baerwaldt Automobiles and Other Durables - William C. Dunkelberg
6,	Financial Assets - Frank P. Stafford, Orman Paananen
7,	Attitudes Toward Debt - James N. Mor- gan, Frank P. Stafford
8&9,	Income Trends and Buying Intentions - George Katona, Barbara Dunkelberg, Judith H. Hybels
10, 11, 12 & 13,	Outlook for Consumer Demand - George Katona, Jay W. Schmiedeskamp, Barbara Dunkelberg, William H. Peters
14 & 15,	Methods and Demographic Trends - re- written by John A. Sonquist and Jay W. Schmiedeskamp from earlier volumes.

The authors are greatly indebted to William Haney for his invaluable contributions as the editor of this volume.

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PART ONE

FINANCIAL DATA

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THE DISTRIBUTION OF FAMILY INCOME IN 1966

Highlights

THE upward trend in income which has characterized the American economy in the past few years continued through 1966. The well-known information about changes in total personal income is supplemented in this chapter by survey data on changes in the size distribution of income among American families.¹

Among the approximately 60 million families in the United States, 28 percent had an income of \$10,000 or more in 1966. In 1962, when there were about five million fewer families in the country, the proportion was only 18 percent. The decline in the proportion of families at unsatisfactory income levels was, however, much smaller than the increase in the proportion of families with relatively sizable income. In 1966, 19 percent, and in 1962, 22 percent reported an income of less than \$3,000.

The median income of all families rose from \$6,670 to \$6,930 in 1966. The mean income as calculated from the survey shows a smaller increase. Compared to the increase in total personal income as reported by the Commerce Department, the 1966 survey appears to understate the gains made in that year. Survey data on total income or mean income are much less reliable than data on median income or the size distribution of income because means are greatly affected by the number of families with very large income that fall into a given sample.

¹The 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.

Total personal income remains greatly concentrated among high-income families. The 9 percent of families with over \$15,000 income received 27 percent of total income in 1966. Yet the rate of concentration has not increased during the last few years. At the same time, there was no progress toward a more equal distribution of income.

The income received by families showed wide variations among groups in which family heads had differing amounts of education. Median incomes ranged from \$2,540 among families in which the head's education was five grades or less to \$11,580 among families in which the head had an advanced or professional college degree. Any training past high school does appear to have an influence on total family income.

The differences among occupation groups likewise are pronounced. Median family income ranged from \$2,620 among families in which the head was retired to \$11,000 among families in which the head had a professional, technical, or managerial type of position.

Despite some progress in job opportunities in recent years, the median family income for Negroes (\$3,960) was only slightly larger than half that for whites (\$7,350). Thirty-six percent of the Negro families interviewed had incomes of less than \$3,000 in 1966. Seventeen percent of the families headed by someone aged 18-24 likewise received less than \$3,000 income. For these families the median income was \$5,350. Among families with a head aged 35-44, only 7 percent had incomes under \$3,000; the median income of these families was \$8,980.

HIGHLIGHTS OF THE TABLES

TABLE 1-1

DISTRIBUTION OF FAMILIES AND DISTRIBUTION OF INCOME, BY INCOME GROUPS - 1962-1966

In spite of the impressive shift from lower to higher-income groups from 1962 to 1966, the share of total income received by the various income groups has hardly changed beyond the change in the proportion of people in each group.

The Bureau of the Census likewise conducts sample interview surveys in which the size distribution of income is determined. The findings are published separately for families and for unrelated individuals. Among families, according to the Census Bureau, 29.6 percent and among unrelated individuals 4.4 percent had an income of \$10,000 or more in 1966. When the joint distribution of families and individuals is calculated, it appears that 25 percent had an income of \$10,000 or more. This finding is fairly comparable to the Survey of Consumer Finances finding according to which 28 percent of family units had an income of \$10,000 or more. As in previous years the detailed questioning about various income sources used in the Survey of Consumer Finances results in a higher proportion of upper-income people.

TABLE 1-2

DISTRIBUTION OF FAMILIES BY DISPOSABLE INCOME GROUPS - 1961-1966

The shift from low to high disposable income groups in earlier years, and particularly from 1963 to 1965 due to the 1964 tax cut, did not continue into 1966.

TABLE 1-3

MEAN INCOME AND SHARE OF TOTAL INCOME -1960, 1962, 1964, 1965, 1966

Mean income continued to rise in all but the lower-income deciles in 1966. However, the shares of income received by the various income deciles have shown practically no change from 1960 to 1966.

TABLE 1-4

MEAN AND MEDIAN FAMILY INCOME -WITHIN VARIOUS GROUPS

Education and occupation of the head, as well as race (Parts A, B, and D) have a very great influence on total family income, as does the life-cycle stage of the family (Part F). The effects of urban-rural residence and age of head (Parts C and E) are not quite as strong. The life-cycle concept was developed to indicate the

differences between younger and older families with or without children at home, as well as the differences between families and single persons.

TABLE 1-5

SOURCES OF INCOME BY RACE - 1966

Capital income, business income, and farm income are much more common among whites than among Negroes. Income from these sources plays a particularly large role in the top income decile.

TABLE 1-1

DISTRIBUTION OF FAMILIES AND DISTRIBUTION OF INCOME, BY INCOME GROUPS - 1962-1966

(Percentage distribution of families)

			Families	a			Share of	E total ind	ome	
Income groups	1962	<u>1963</u>	1964	<u>1965</u>	1966	1962	<u>1963</u>	<u>1964</u>	<u>1965</u>	1966
Less than \$1,000	4	4	4	3	3	*	*	*	*	*
\$1,000-1,999	9	10	9	8	8	2	2	2	1	2
\$2,000-2,999	9	9	8	9	8	3	3	3	3	3
\$3,000-3,999	8	8	8	8	8	4	4	4	3	3
\$4,000-4,999	10	9	8	7	7	6	6	4	4	4
\$5,000-5,999	12	10	9	8	7	10	8	7	6	5
\$6,000-7,499	14	16	14	13	13	14	16	12	11	11
\$7,500-9,999	16	15	17	17	18	20	20	19	19	19
\$10,000-14,999	12	14	15	17	19	22	24	23	26	27
\$15,000 or more	6	5	8	10	9	19	17	26	27	27
Total	100	100	100	100	100	100	100	100	100	100
Mean family income ^b	\$6,800	\$6,710	\$7,680	\$7,940	\$8,080					
Median family income	\$5,820	\$5,900	\$6,430	\$6,670	\$6,930					

*Less than 0.5 percent.

^aFamilies include (a) single person unrelated to other occupants in the dwelling unit, (b) a person living alone, and (c) two or more people living in the same dwelling unit related by blood, marriage, or adoption.

^bMean income is obtained by dividing aggregate income by the number of families.

TABLE 1-2

DISTRIBUTION OF FAMILIES BY DISPOSABLE INCOME GROUPS - 1961-1966 (Percentage distribution of families)

			Fami	lies		
Disposable income groups	1961	1962	1963	1964	1965	1966
Less than \$1,000	6	4	4	4	3	3
\$1,000-1,999	10	9	11	9	8	9
\$2,000-2,999	10	10	10	9	9	9
\$3,000-3,999	11	10	9	9	9	8
\$4,000-4,999	14	13	12	10	9	9
\$5,000-5,999	12	13	13	11	10	9
\$6,000-7,499	13	16	14	14	14	15
\$7,500-9,999	13	13	16	17	18	19
\$10,000-14,999	8	9	8	12	14	14
\$15,000 or more	3	3	3	5	6	5
Total	100	100	100	100	100	100

^a To obtain disposable income, federal income taxes are estimated for each family and subtracted from total income.

TABLE 1-3

MEAN INCOME AND SHARE OF TOTAL INCOME - 1960, 1962, 1964, 1965, 1966 (Percentage distribution of families)

	Mean	income	SI	hare of	total	income	
<u>Decile</u>	1965	1966	1960	1962	<u>1964</u>	<u>1965</u>	1966
Lowest	\$ 1,200	\$ 1,100	1	1	1	1	1
Second	2,440	2,400	3	3	3	3	3
Third	3,630	3,670	5	5	4	5	5
Fourth	4,930	5,000	7	7	6	6	6
Fifth	6,110	6,270	8	8	8	8	8
Sixth	7,310	7,470	9	9	9	9	9
Seventh	8,590	8,750	11	11	11	11	11
Eighth	10,200	10,290	13	13	13	13	13
Ninth	12,710	12,390	16	16	15	16	15
Highest	22, 320	23,520	27	27	30	28	29
Total	\$ 7,940	\$ 8,080	100	100	100	100	100

TABLE 1-4 (Sheet 1 of 4)

MEAN AND MEDIAN FAMILY INCOME - WITHIN VARIOUS GROUPS

(Percentage distribution of families)

PART A								•		
Education ^a	Mean income in 1966	Total	Less than \$3,000	\$3,000 -4,999	\$5,000 -7,499	\$7,500 -9,999	\$10,000 -14,999	\$15,000 or more	Number of cases	Median
0-5 grades	\$4,790	100	59	19	10	8	2	2	278	\$2,540
6-8 grades	5,470	100	30	23	21	13	10	3	806	4,670
9-11 grades, some high school plus noncollege	7,120	100	21	15	24	18	17	5	692	6,540
l2 grades, completed high school	8,400	100	12	14	24	23	22	5	632	7,580
Completed high school plus other noncollege	9,030	100	8	12	21	22	29	8	398	8,560
College, no degree	10,010	100	7	11	18	21	28	15	437	9,160
College, bachelor's degree	12,160	100	7	8	18	20	22	25	317	9,600
College, advænced or professional degree	15,010	100	5	6	16	15	26	32	146	11,580

^aData for 20 cases for which education of head is not ascertained are omitted.

TABLE 1-4 (Sheet 2 of 4)

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MEAN AND MEDIAN FAMILY INCOME - WITHIN VARIOUS GROUPS

(Percentage distribution of families)

PART E

Occupation	Mean income in 1966	Total	Less than \$3,000	\$3,000 -4,999	\$5,000 -7,499	\$7,500 -9,999	\$10,000 -14,999	\$15,000 or more	Number of cases	Median
Professional, technical	\$12,310	100	3	5	17	20	32	23	375	\$10,690
Managers, officials	12,940	100	1	3	15	21	37	23	232	11,390
Self-employed businessmen, artisans	14,260	100	9	10	18	16	22	25	206	9,530
Clerical, sales	8,580	100	5	15	26	23	21	10	335	7,930
Craftsmen, foremen	9,310	100	3	10	21	26	31	9	514	9,060
Operatives	7,540	100	8	17	28	25	20	2	577	7,290
aborers, service workers	5,310	100	27	24	25	15	8	1	382	4,900
armers	7,060	100	21	19	27	14	13	6	139	5,760
fiscellaneous groups	8,130	100	31	18	23	12	8	8	230	5,160
Retired	3,630	100	57	21	10	6	4	2	736	2,620

TABLE	1-4	(Sheat	3	of	4)	
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MEAN AND MEDIAN FAMILY INCOME - WITHIN VARIOUS GROUPS (Percentage distribution of families)

PART C Belt	Mean income in 1966	Total	Less than \$3,000	\$3,000 -4,999	\$5,000 -7,499	\$7,500 -9,999	\$10,000 -14,999	\$15,000 or more	Number of cases	Media
Central cities of 12 largest SMSA's	\$7,910	100	15	14	24	20	18	9	477	\$7,19
Central cities of other SMSA's	7,320	100	21	19	17	19	18	6	621	6,540
Suburban areas of 12 largest SMSA's	11,490	100	9	9	18	19	27	18	528	9,43
Suburban areas of other SMSA's	9,760	100	12	10	20	21	25	12	612	8,46
Adjacent areas of SMSA's	7,050	100	23	17	21	18	14	6	702	6,22
Outlying areas of SMSA's	6,100	100	31	19	22	12	12	4	786	5,06
PART D Race										
White Negro		100 100	18 36	13 26	20 20	19 10	20 6	10 2	3,264 368	7,35 3,96
PART E										
ge of head										
Under age 25 25-34	5,600 7,940	100 100	17 8	28 13	32 29	14 24	22 22	* 4	248 663	5,35 7,49
35-44	10,030	100	7	10	19	23	27	14	712	8,98
45-54	10,060	100	10	11	20	20	24	15	727	8,57
55-64 65-74	9,210	100 100	20 41	12 23	19 16	17 11	21	11	601 473	7,32
Age 75 or older	5,360 3,090	100	63	23	4	4	4 4	5 1	302	3,71 2,33

* Less than 0.5 percent.

^aData excludes Oriental, Puerto Rican, Mexican, Cuban, and "other" categories due to small number of cases.

^b A Standard Metropolitan Statistical Area is a county or group of contiguous counties (except in New England) which contain 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.

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TABLE 1-4 (Sheet 4 of 4)

MEAN AND MEDIAN FAMILY INCOME - WITHIN VARIOUS GROUPS

(Percentage distribution of families)

FART F Life cycle stage of family head	Mean income in 1966	Total	Less than	\$3,000	\$5,000	\$7,500		\$15,000	Number	
Under age 45	10 1300	10Ca1	\$3,000	-4,999	-7,499	-9,999	-14,999	or more	of cases	Median
-										
Unmarried, no children	\$5,850	100	20	25	33	11	7	4	228	\$5,340
Married, no children	9,300	100	7	13	18	22	28	12	188	8,810
Married, youngest child under age 6	8,770	100	5	11	29	26	23	6	735	7,990
Married, youngest child age 6 or older	10,650	100	2	8	18	24	35	13	343	9,750
Age 45 or older										
Unmarried, no children, head in labor force	7,500	100	21	24	23	20	8	4	279	5,430
Unmarried, no children, head retired	2,420	100	77	13	5	4	1	*	360	1,780
Married, no children, head in labor force	11,030	100	8	11	19	18	27	17	594	9,200
Married, no children, head retired	4,840	100	37	30	16	7	7	3	364	3,830
Married, has children	10,610	100	9	9	17	23	26	16	447	9,130
Any age										
Unmarried, has children	4,870	100	35	25	24	9	5	2	188	3,970
ll families	8,080	100	19	15	20	18	19	9	3,726	6,930

"Less than 0.5 percent.

Notes: The term no children means no children under sge 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 1-5 (Sheet 1 of 2)

SOURCES OF INCOME BY RACE - 1966

(Percentage distribution of dollars received by families in each decile)

				Source	of income			
<u>Total family income deciles</u>		Earr	ed incom	ne ^c	_			
	Percentage share in total income for each decile	Head	Wife	Other family members	Capitald	Mixed ^e labor- capital	Transfer ^f payments	Total family income
Non-Negro families ^b								
A11	90	62	9	4	6	11	8	100
Lowest tenth	79	14	4	2	10	5	75	100
Second tenth	84	27	4	1	8	10	50	100
Third tenth	82	45	5	3	11	7	29	100
Fourth tenth	86	58	6	3	5	10	18	100
Fifth centh	92	67	8	2	4	9	10	100
Sixth tenth	94	71	9	3	4	7	6	100
Seventh tenth	94	69	9	5	4	6	7	100
Eighth tenth	97	66	13	5	4	8	4	100
Ninth tenth	96	68	13	5	3	8	3	100
Highest tenth	98	58	8	5	11	17	1	100

^aDeciles based on combined white-Negro distribution as shown in column "Share in Total Income."

Includes approximately 2 percent nonwhite non-Negro.

Includes wage, salary, professional, and other self-employment income.

Includes income from rent, interest, dividends, and trust funds.

erIncludes farm income, unincorporated business income, and income from roomers and boarders.

Includes Social Security, unemployment compensation, public welfare, veteran's benefits and other transfer income.

TABLE 1-5 (Sheet 2 of 2)

SOURCES OF INCOME BY RACE - 1966

(Percentage distribution of dollars received by families in each decile)

			-		ource of income						
		Earn	ed incom	C Ie							
Total family income deciles	Percentage share in total income for each decile	Head	Wife	Other family members	Capital ^d	Mixed ^e labor- capital	Transfer ^f payments	Total family income			
Negro famílies											
A11	10	66	13	5	2	2	12	100			
Lowest tenth	21	45	2	2	*	1	50	100			
Second tenth	16	57	6	3	1	2	31	100			
Third tenth	18	68	8	3	4	2	15	100			
Fourth tenth	14	71	6	6	1	2	14	100			
Fifth tench	8	68	15	6	1	3	7	100			
Sixth tenth	6	72	15	3	1	1	8	100			
Seventh tenth	6		14	9		<u> </u>		<u> </u>			
Eighth tenth	3	70	14	<u> </u>	2		4	100			
Ninth tenth	4										
Highest tenth	2	63	25	6	3	2		100			

*Less than 0.5 percent.

For definition of above footnotes, refer to sheet 1 of this table.

2

INSTALLMENT DEBT

Trends in Installment Debt

ACCORDING to Federal calculations, in 1966 installment debt outstanding rose by 9 percent, to a level of \$74.5 billion. This was a slower growth rate than in any of the previous 4 years, when the average increase in total installment debt was 12 percent. In January and February 1967, debt repayments even exceeded extensions, so that the amount of installment credit outstanding declined.

According to the 1967 Survey of Consumer Finances, 47.9 percent of the families reported outstanding debt in early 1967, as compared to 49.3 percent in early 1966. Though the change is not statistically significant (and may be in part attributable to sampling and reporting errors) it *does* indicate a reversal of an upward trend that has prevailed over the past few years.

The Survey reveals that the amount of debt per family with debt rose slightly in 1966. The median amount of debt in early 1967 was \$880, compared to \$850 a year earlier. This rise of \$30, or 3.5 percent, was much less than the 9 percent rise the previous year, and the 19 percent rise in 1964. The mean amount of debt rose from \$1,230 to \$1,260 from 1966 to 1967.

Incidence of Debt

The data indicate that over the past 3 years the incidence of installment debt has hardly changed. Both the proportion of families with large amounts of debt, and the proportion of families making debt payments equal to 20 percent or more of their annual family income remained stable. Debt is mainly a middle-income and upper-income phenomenon. Not only is the median income of families with debt higher, it also has been increasing faster than the median income of all families, or of families without any installment debt. In 1965 23 percent, and in 1967 31 percent of families with debt had incomes of \$10,000 or more. In 1965 and 1967, 23 and 28 percent, respectively, of families had an income of \$10,000 or more. As in earlier years, it is the higher-income families who most frequently have substantial debt outstanding (\$2,000 or more). In 1966 the largest increase in debt was among the youngest family heads (under 25 years of age).

A measure of the total debt burden for each family can be calculated by expressing the total annual installment debt payments as a percent of annual family income. When such a formula is used, it can be seen that in 1966 there was little shift in the proportion of all families (or of different income and age groups) with high debt-income ratios. With a few exceptions, the proportion of families with specific *types* of debt also remained stable. Debt on durables continues to be most prevalent in the middle-income groups. The proportion of families in the youngest age group owing debt on household durables increased from 27 to 38 percent. The proportion of young single people with auto debt increased from 21 to 28 percent. Among older married people with children the frequency of debt increased both on autos (from 32 to 38 percent) and on other durables (from 17 to 28 percent).

Among those families who expect their financial situation to be better in a year, 63 percent have debt, and 14 percent have debt payments equal to 20 percent or more of their annual income. Only about 38 percent of those who expect to be in the same or worse financial situation have any debt, and only about 5 percent of them have debt payment-income ratios of 20 percent or higher. Many of these are older people.

Months Left to Pay

A somewhat different measure of debt burden is the length of the commitment indicated by the number of months left to pay on current debts.¹ In 1967 there was a slight increase in the proportion of families with long (24 months or more) debt commitments. This rise was greatest in the income group of \$7,500 and over. Younger and higher-income families tend to have longer debt commitments

¹As estimated by the ratio of debt to monthly payments on it.

INSTALLMENT DEBT

than older or lower-income families. The frequency of long debt commitments is highest—and in the past year rose the most—among married couples with children.

Incurrence of Installment Debt in 1966

Installment debt outstanding early in 1967 can be divided into 1) debt incurred before 1966 and on which payments are still being made and 2) debt incurred during 1966 and not wholly paid off in that year. Of the 48 percent of families who owed installment debt early in 1967, 11 percent were paying off debts incurred in 1965 or earlier, 22 percent were repaying only debt incurred in 1966 and 15 percent were paying off both old and newly-incurred debt. These proportions are similar to those for the previous year.

In 1966 families with an income between \$7,500 and \$15,000 incurred debt most frequently. Both past and expected changes in debt relate to debt incurrence. More of those who had income increases in 1966 incurred debt. A greater proportion of those who expected increases in 1967 incurred debt in 1966. The feeling of being better off than a year ago, in conjunction with expecting to be better off next year, stimulates debt incurrence greatly.

Experience With and Use of Credit

About two-fifths of all families who now owe no installment debt have used it some time in the past. Those families who have never used installment credit—only 11 percent of the representative sample—are more likely to be older (age 55 or older), have very low income, and have no children. Conversely, those families most likely to have used installment debt all or most of the time are younger (under age 45), have an income over \$5,000, and have children.

The use of revolving accounts, an item included in the category of installment credit, is only moderately related to income, although it is concentrated in the middle-income groups. As with total installment debt, revolving accounts are a phenomenon of the younger-to-middle age group.

About 30 percent of families reported that they *used* gasoline credit cards. Those who used these credit cards were somewhat more likely to have used two or more different cards than only one card. Use of gasoline credit cards is strongly related to income—only 5 percent of those with family incomes under \$3,000 use credit

cards; 67 percent of those with family incomes over \$15,000 use them.

The association between high income and use of gasoline credit cards is repeated for the use of charge accounts. Whereas only one-fifth of those families with incomes under \$3,000 use charge accounts, about three-quarters of the families with income over \$15,000 use charge accounts; most of the latter group use several charge accounts, and nearly one-quarter of people in this highest income group use five or more charge accounts.

HIGHLIGHTS OF THE TABLES

TABLE 2-1

TRENDS IN INSTALLMENT DEBT - 1965, 1966, 1967

The proportions owing debt for autos and additions and repairs to houses did not change in 1966. There was a slight increase in the percent owing durables debt (other than cars) and a slight decrease in the proportion having "other" debt, consisting mainly of personal loans.

TABLE 2-2

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

The incidence of debt among income groups did not change much in 1966.

TABLE 2-3

AMOUNT OF INSTALLMENT DEBT OUTSTANDING

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In the 5,000-7,499 income bracket, the proportion of families with debt fell from 61 to 55 percent in 1966; the proportion with 2,000 or more in debt likewise fell, from 12 to 9 percent. In the 7,500-9,999 income bracket, however, the proportion of families with debt of 2,000 or more rose from 11 to 15 percent.

TABLE 2-4

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

Both early in 1967 and early in 1966 less than one family in every ten allocated more than 20 percent of its annual income to debt repayment.

TABLE 2-5

MONTHLY INSTALLMENT DEBT PAYMENTS

In early 1967 more younger families (head age 34 or younger) than in 1966 were making monthly payments of over \$100.

TABLE 2-6

INSTALLMENT DEBT ON AUTOMOBILES, ADDITIONS AND REPAIRS, AND HOUSEHOLD DURABLES

The percentage of family units with auto debt in the \$5,000-7,499 income group decreased from 37 percent in early 1966 to 30 percent in early 1967. Those in the \$7,500-9,999 group increased this type of debt from 33 percent in early 1966 to 39 percent in early 1967.

TABLE 2-7

RATIO OF ANNUAL INSTALLMENT DEBT PAYMENTS TO DISPOSABLE INCOME RELATED TO EXPECTED CHANGE IN FINANCIAL SITUATION

Among those who say they are better off, debt is much more frequent than among those who say that their financial situation remains unchanged or has worsened.

TABLE 2-8

RELATION BETWEEN BURDEN OF DEBT ON INCOME AND THE TIME LEFT TO PAY

Families allocating a high proportion of their income to installment debt repayments tend to have longer commitments.

TABLE 2-9

RELATION OF TIME LEFT TO PAY TO TOTAL INSTALLMENT DEBT OUTSTANDING AND INCOME GROUPS

Again, the families with substantial outstanding debt have relatively long debt commitments.

TABLE 2-10

RELATION OF TIME LEFT TO PAY TO AGE AND LIFE CYCLE

Longer debt commitments are most frequent among young married people.

TABLE 2-11

INSTALLMENT DEBT OWED EARLY IN 1967

About 15 percent of families who had incurred debt prior to 1966 took on an additional debt in 1966.

TABLE 2-12

MEANS AND DISTRIBUTIONS OF INSTALLMENT DEBT OWED

This table makes it possible to compare debt incurred during and before 1966 in relation to income, race, education, income change, and income expectations.

TABLE 2-13

RELATION OF INSTALLMENT DEBT INCURRENCE TO INCOME TREND - 1966 and 1967

Past and future financial trends have influenced the rate of debt incurrence greatly both in 1965 and 1966. (Cf. also Tables 8-3 and 8-4 of Chapter 8.)

TABLE 2-14

USE OF INSTALLMENT CREDIT

Close to nine out of every ten families have used installment credit at one time or another, but only one out of three used it all or most of the time.

TABLE 2-15

OWNERSHIP OF REVOLVING ACCOUNTS

Installment debt and revolving credit are highly related: 84 percent of those families with no installment debt have no revolving accounts. The proportion who have revolving accounts exhibits a relatively continuous rise with increasing debt levels.

TABLE 2-16

USE OF GASOLINE CREDIT CARDS

Since many more people have gasoline credit cards than use them, the table relates to usage of such cards which is highly related to income. Half of the multiple car owners use gasoline credit cards, but only 30 percent of those who own one car.

TABLE 2-17

USE OF CHARGE ACCOUNTS

Upper-income families and those in the younger age groups use charge accounts most frequently.

TRENDS IN INSTALLMENT DEBT - 1965, 1966, 1967

	1965	1966	1967
Amount of installment debt outstanding			
None	51	51	52
\$1-199	10	8	9
\$200-499	9	9	8
\$500-999	9	10	9
\$1,000-1,999	12	12	12
\$2,000 or more	9		_10
Total	100	100	100
Median debt ⁸	\$780	\$850	\$880
Ratio of annual installment debt payment to previous year's disposable income			
None	51	51	52
l to 4 percent	8	7	7
5 to 9 percent	11	13	12
10 to 19 percent	17	18	19
20 to 39 percent	9	8	7
40 percent or more ^b	1	1	2
Not ascertained			_1_
Total	100	100	100
Proportion of families with specific type of installment debt			
Automobile debt	28	28	28
Debt on other durables	20	19	21
Additions and repairs debt	5	6	6
Other (primarily personal loans)	23	23	20

(Percentage distribution of families)

^aInterpolated median for those with debt.

^bIncludes families with zero or negative disposable income.

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

(Percentage distribution of families)

	A11	famíli	es	Have in	stallme	ent debt	Have no installment debt		
Annual family income	Early 1964_	Early <u>1965</u>	Early 1966	Early <u>1965</u>	Early 1966	Early 1967	Early 1965	Early 1966	Early 1967
Less than \$3,000	21	19	19	12	9	10	30	29	28
\$3,000-4,999	16	16	15	14	14	13	18	17	17
\$5,000-7,499	24	21	20	29	26	23	18	17	18
\$7,500-9,999	16	17	18	22	21	23	11	14	13
\$10,000-14,999	15	17	19	18	21	23	13	13	15
\$15,000 or more	8	10	<u> </u>	5	9	8	10	10	9
Total	100	100	100	100	100	100	100	100	1 0 0
Median income	\$6,430 \$6	,780 \$6	,925	\$7,000 \$7	,560 \$7	,890	\$5,250 \$5	5,520 \$5	,660

TABLE 2-3 (Sheet 1 of 2)

AMOUNT OF INSTALLMENT DEBT OUTSTANDING

(Percentage distribution of families)

			Ea	rly 196	7			Earl	y 1966
	Number of families	Any debt	\$1- 199	\$200 -499	\$500 -999	\$1,000 -1,999	\$2,000 or more	Any debt	\$2,000 or more
All families	3,165	48	9	8	9	12	10	49	10
Annual family income									
Less than \$3,000	492	24	12	6	3	1	2	23	1
\$3,000-4,999	441	42	10	9	9	9	5	45	4
\$5,000-7,499	672	55	10	12	12	12	9	61	12
\$7,500-9,999	607	61	7	8	13	18	15	59	11
\$10,000-14,999	653	59	7	6	11	18	17	61	16
\$15,000 or more	300	45	3	7	7	9	19	47	19
Age of family head									
Under age 25	230	70	12	13	14	15	16	58	17
25 -3 4	653	69	13	9	13	18	16	74	15
35-44	706	64	9	11	14	16	14	66	14
45-54	7 24	54	8	9	10	14	13	53	10
55-64	458	35	9	6	7	8	5	37	5
Age 65 or older	394	12	5	3	2	1	1	12	1

TABLE 2-3 (Sheet 2 of 2)

AMOUNT OF INSTALLMENT DEBT OUTSTANDING

(Percentage distribution of families)

				Acoun	t of in	stallment	debt		
		-	Eat	rly 196	7			Earl	y 1966
Life cycle stage of family head	Number of families	Any debt	\$1- 199	\$200 -499	\$500 -999	\$1,000 -1,999	\$2,000 or more	Any debt	\$2,000 or more
Under age 45									-
Unmarried, no children	198	50	12	11	7	12	8	45	10
Married, no children	188	64	6	10	13	14	21	67	21
Married, youngest child under age 6	734	74	11	12	15	19	17	75	14
Married, youngest child age 6 or older	343	69	9	8	16	19	17	70	19
Age 45 or older									
Unmarried, no children, head in labor force	217	27	7	6	5	7	2	27	2
Unmarried, no children, head retired	191	6	5	1	*	*	*	10	1
Married, no children, head in labor force	491	40	7	6	8	10	9	43	9
Married, no children, head retired	194	15	7	3	1	3	1	17	1
Married, has children	425	61	9	11	12	14	15	56	10
Any age									
Unmarried, has children	184	58	22	11	10	9	6	55	5

* Less than 0.5 percent.

Notes: The term no children, appearing frequently in this chapter, 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 2-4 (Sheet 1 of 2)

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

(Percentage distribution of families)

	Rati	Ratio of annual installment debt payment rate to previous year's										
				Early	1967			Early 1966				
	No debt	Less than 5 percent	5-9 percent	10-19 percent	20-39 percent	40 percent or more ^a	Not ascertained	20 percent or more				
All families	52	7	12	19	7	2	1	. 9				
Annual family income												
Less than \$3,000	76	3	6	5	5	5	*	9				
\$3,000-4,999	58	6	9	13	11	2	1	16				
\$5,000-7,499	45	9	9	24	11	1	I	12				
\$7,500-9,999	39	8	13	30	8	*	2	5				
\$10,000-14,999	41	9	21	23	4	*	2	3				
\$15,000 or more	55	11	18	11	2	*	3	2				
Age of family head												
Under age 25	30	9	11	27	18	4	1	23				
25-34	31	9	15	30	13	1	1	13				
35-44	36	13	17	22	8	2	2	9				
45-54	46	7	16	21	6	2	2	7				
55-64	65	6	10	13	3	1	2	6				
Age 65 or older	88	2	3	3	3	L	*	3				

*Less than 0.5 percent.

^aIncludes families of zero or negative disposable income.

TABLE 2-4 (Sheet 2 of 2)

RATIO OF ANNUAL INSTALLMENT DEBT FAYMENT RATE TO PREVIOUS YEAR'S DISPOSABLE INCOME (Percentage distribution of families)

	Rati	io of annual	install	ent debt	payment 1	ate to previ	ous year's dis	disposable incom	
				Early	1967			Early 1966	
Life cycle stage of family head	No debt	Less then 5 percent	5-9 percent	10-19 percent	20-39 percent	40 percent or more ^a	Not ascertained	20 percent or more	
Under age 45									
Unmarried, no children	50	7	9	18	11	4	1	15	
Married, no children	36	9	12	27	13	2	1	17	
Married, youngest child under age 6	26	12	16	31	13	1	1	13	
Married, youngest child age 6 or older	31	12	19	26	8	2	2	9	
Age 45 or older									
Unmarried, no children, head in labor force	73	4	7	12	2	1	1	6	
Unmarried, no children, head retired	94	2	1	1	2	*	*	2	
Married, no children, head in labor force	60	5	10	17	5	1	2	6	
Married, no children, head retired	85	2	6	4	3	*	*	6	
Married, has children	39	10	19	22	6	2	2	6	
Any age									
Unmarried, has children	42	11	18	14	9	5	1	10	

Less than 0.5 percent.

^aIncludes families of zero or negative disposable income.

TABLE 2-5 (Sheet 1 of 2)

MONTHLY INSTALLMENT DEBT PAYMENTS (Percentage distribution of families)

				Amo	unt of mo	nthly debt paym	ents	
				Ear	ly 1967			Early 1966
	None	\$1-24	\$25-49	\$50-74	\$75-99	\$100 or more	Not ascertained	\$100 or more
All families, early 1967	52	9	8	10	8	12	1	0
All families, early 1966	51	8	10	10	7	12	2 .	0
Annual family income								
Less than \$3,000	76	13	5	3	1	2	*	1
\$3,000-4,999	58	13	8	10	5	б	*	5
\$5,000-7,499	45	10	10	14	9	11	1	12
\$7,500-9,999	39	6	8	14	13	18	2	13
\$10,000-14,999	41	6	7	12	13	19	2	22
\$15,000 or more	55	3	4	7	8	20	3	26
Age of family head								
Under age 25	30	11	14	16	10	19	*	17
25-34	31	10	9	16	12	21	1	19
35-44	36	10	12	13	12	15	2	16
45-54	46	9	8	12	10	14	1	15
55-64	65	8	5	8	6	6	2	6
Age 65 or older	88	6	1	2	1	1	l	1

*Less than 0.5 percent.

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TABLE 2-5 (Sheet 2 of 2)

MONTHLY INSTALLMENT DEBT PAYMENTS

(Percentage distribution of families)

				Amo	unt of mo	nthly debt paym	ents	
	-			Ear	ly 1967			Early 1966
Life cycle stage of family head	None	\$1-24	\$25-49	\$50-74	<u> \$75-99</u>	\$100 or more	Not ascertained	\$100 or more
Under age 45								
Unmarried, no children	50	10	9	11	6	13	1	11
Mærried, no children	36	5	10	14	10	24	1	19
Married, youngest child under age 6	26	11	12	16	13	21	1	17
Married, youngest child age 6 or older	31	8	11	14	15	19	2	22
Age 45 or older								
Unmarried, no children, head in labor force	73	9	6	3	4	4	1	2
Unmarried, no children, head retired	94	4	l	1	*	*	*	*
Married, no children, head in labor force	60	6	3	9	10	10	2	10
Married, no children, head retired	85	8	2	3	1	1	*	2
Married, has children	39	9	10	15	9	16	2	15
Any age								
Unmarried, has children	42	21	13	11	6	6	1	10

*Less than 0.5 percent.

INSTALLMENT DEBT ON AUTOMOBILES, ADDITIONS AND REPAIRS, AND HOUSEHOLD DURABLES (Percentage of families in each group)

		of famil	ies with s	pecific type	of debt
	Early 1966		Early	1967	
	Auto- mobiles	Auto- mobiles	Other durables	Additions and repairs	<u>Other</u>
All families	28	28	21	6	20
Annual family income					
Less than \$3,000	6	7	14	2	9
\$3,000-4,999	20	19	22	3	19
\$5,000-7,499	37	30	25	5	26
\$7,50 0-9 ,999	33	39	26	9	26
\$10,000-14,999	43	40	23	10	21
\$15,000 or more	33	34	13	9	15
Age of family head					
Under age 25	37	38	38	3	37
25-34	45	42	35	8	33
35-44	38	37	27	8	25
45-54	31	33	21	9	21
55-64	20	20	13	5	12
Age 65 or older	4	4	6	2	4
Life cycle stage of family head					
Under age 45					
Unmarried, no children	21	28	17	1	24
Married, no children	44	45	26	4	28
Married, youngest child under age 6	45	42	38	9	35
Married, youngest child sge 6 or older	44	44	31	10	27
Age 45 or older					
Unmarried, no children, head in labor force	12	12	8	4	12
Unmarried, no children, head retired	4	1	3	2	1
Married, no children, head in labor force	28	25	12	7	14
Married, no children, head retired	6	6	7	3	5
Married, has children	32	38	28	10	22
Any age					
Unmarried, has children	24	23	32	3	24

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TABLE 2-7

RATIO OF ANNUAL INSTALLMENT DEBT PAYMENTS TO DISPOSABLE INCOME RELATED TO EXPECTED CHANGE IN FINANCIAL SITUATION (Percentage distribution of families)

Expected		Ratio												
financial situation in a year	No debt		Less than 5 percent		10-14 percent	15-19 percent	20-39 percent	40 percent or more	Not ascer- tained					
Better	37	63	9	14	15	10	12	2	1					
Same	61	39	6	10	10	6	5	1	1					
Worse	63	37	8	11	8	4	3	1	2					
Uncertain	56	44	7	13	10	5	6	1	2					

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

RELATION BETWEEN BURDEN OF DEBT ON INCOME AND THE TIME LEFT TO PAY (Percentage distribution of families with debt)

		Rati	o of annu to di	al instal sposable		t payment	
Months left to pay	<u>A11</u> °	1-4 percent	5~9 percent	10-14 percent	15-19 percent	20-39 percent	40 percent or more
1 to 5 months	16	28	20	11	10	12	18
6 to 11 months	25	39	26	22	26	21	17
12 to 17 months	23	12	21	29	30	28	17
18 to 23 months	15	11	13	16	17	18	17
24 to 29 months	10	3	9	14	10	14	24
30 to 35 months	5	3	7	6	5	4	2
36 or more months	6	4	4	2	2	3	5
Total	100	100	100	100	100	100	100
Number of cases	,641	260	427	406	243	251	54
Proportion with 24 or more months to pay - 1967	21	10	20	22	17	21	31
Proportion with 24 or more months to pay - 1966	19	13	20	21	17	24	16

^aAnnual debt payment ratio based on payments as of January 1967 and disposable income for 1966.

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^bMonths left to pay is calculated as the ratio of total installment debt outstanding to total monthly payments.

 $^{\rm C}{\rm A}$ few cases are not shown where the amount of debt was not ascertained.

RELATION OF TIME LEFT TO PAY TO TOTAL INSTALLMENT DEBT OUTSTANDING AND INCOME GROUPS

	-			Month						
Total installment debt outstanding	(F No pay- ments	<u>1-5</u>		12 -17	18 -23	24 -29	fami1 30 <u>-35</u>	ies with 36 or more	Propo with more	rtion 24 or months pay 1966
All with payments		16	25	23	15	10	5	6	21 .	
\$1-99		76	22	1	*	*	*	1	1	
\$100-199		37	45	11	5	1	*	1	2	
\$200-499		27	40	16	10	ı	1	5	7	
\$500-999		4	43	33	10	4	2	4	10	
\$1,000-1,999		*	15	40	21	12	6	6	24	
\$2,000-2,999		*	3	21	27	28	14	Ż	49	
\$3,000-4,999		*	*	12	29	32	15	12	59	
\$5,000 or more		*	*	*	11	34	18	3 7	89	
Annual family income		(Per	centa	te die	tribu	ution	of al	ll familie		
All families	52	8	12	11	7	5	2	3	10	9
Less than \$1,000	85	7	3	z	2	1	*	*	1	*
\$1,000-1,999	80	8	Ŝ	3	2	1	*	1	2	1
\$2,000-2,999	67	12	9	5	3	2	1	1	4	3
\$3,000-3,999	57	9	12	10	5	3	3	1	7	5
\$4,000-4,999	59	5	13	6	8	4	2	3	9	8
\$5,000-5,999	51	8	12	16	8	4	*	1	5	9
\$6,000-7,499	41	10	16	14	6	7	2	4	13	16
\$7,500-9,999	39	7	15	17	9	6	4	3	13	11
\$10,000-14,999	41	6	13	15	11	7	4	3	14	11
\$15,000 or more	55	6	10	8	7	6	3	5	14	11

*Less than 0.5 percent.

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TABLE 2-10

RELATION OF TIME LEFT TO PAY TO AGE AND LIFE CYCLE (Fercentage distribution of all families)

			ı	lonti	1 5 I 6	eft (to pr	ay		
	No pay . ments	<u>1-5</u>	6-11	12 -17	18 -23	24 29	30 -35	36 or more	with more	rtion 24 or months pay
Age of family head									1967	1966
Under age 25	31	9	20	19	8	9	2	2	13	
25-34	31	11	18	17	11	6	3	3	12,	
35-44	36	8	16	15	10	7	4	4	15	
45-54	45	7	12	14	9	6	4	3	12	
55-64	65	8	9	7	3	3	2	3	8	
Age 65 or older	88	4	3	2	1	1	*	l	2	
Life cycle stage of family head										
Under age 45										
Unmarried, no children	50	11	16	11	5	S	*	2	7	7
Married, no children	36	7	18	15	10	8	4	2	14	15
Married, youngest child under age 6	26	9	19	18	13	8	3	4	1 5	16
Married, youngest child age 6 or older	31	7	15	18	12	7	5	5	17	12
Age 45 or older										
Unmarried, no children, head in labor force	74	4	8	6	4	ı	2	1	4	2
Unmarried, no children, head retired	94	3	2	*	1	*	*	*	*	1
Married, no children, head in labor force	60	7	8	11	6	3	2	3	8	9
Mærried, no children, head retired	85	5	4	*	2	2	*	2	4	2
Married, has children	40	9	L5	14	8	8	3	3	14	10
Any age										
Unmarried, has children	42	15	16	12	6	4	3	2	9	9

*Less than 0.5 percent.

INSTALLMENT DEBT OWED EARLY IN 1967

(Percentage distribution of families)

	Debt incurred in 1966 ^a											
	None	Less than \$200	\$200 -499	\$500 -9 9 9	\$1,000 -1,999	\$2,000 or more	<u>A11</u>					
Debt incurred prior to 1966 ⁸		_										
None	52	6	4	3	5	4	74					
Less than \$200	3	1	1	L	1	1	8					
\$200-499	2	ļ	2	1	*	*	6					
\$500-999	2	1	1	L	*	1	6					
\$1,000-1,999	3	*	*	*	1	1	5					
\$2,000 or more	1	*	*	*	*	*	1					
All families	63	9	8	6	7	7	100					

	Distribution with installment	of families debt ou <u>tstanding</u>
Summary	Early 1967	Early 1966 ^a
Incurred debt only before 1966	ll percent	10 percent
Incurred debt only during 1966	22	25
Incurred debt both before and during 1966	<u>15</u>	<u>14</u>
Families with debt early in 1967	48 percent	49 percent

*Less than 0.5 percent.

^aDebt outstanding early 1966 is divided into debt incurred only before 1965, only during 1965, and both before and during 1965.

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MEANS AND DISTRIBUTIONS OF INSTALLMENT DEBT OWED

	Debt inco prior to	urred D 1966 ^a	Debt in in 1	curred 966 ^a	Total inst debt, earl	
	Percen with del	t h	Percen with de	t bt Mean ^b	Percent with debt	Meanb
All families, 1967	26	\$800	37	\$1,050	47.9	\$1,260
All families, 1966	25	860	39	1,030	49.3	1,230
Annual family income						
Less than \$3,000	11	260	20	430	24	480
\$3,000-4,999	19	650	36	710	42	920
\$5,000-7,499	30	690	42	910	55	1,070
\$7,500-9,999	38	820	47	1,150	61	1,390
\$10,000-14,999	34	970	45	1,320	59	1,570
\$15,000 or more	23	1,370	32	1,860	45	2,000
Race						
White	25	840	35	1,100	46	1,310
Negro	33	590	51	820	64	970
Education						
8 grades or less 9 grades to high school plus non-	20	730	31	780	38	990
college training College - some to	31	800	42	1,070	53	1,290
advanced degree	26	870	38	1,270	50	1,420
Past income change						
1966 a lot higher	35	900	54	1,210	66	1,470
1966 a little higher	31	760	42	1,050	55	1,230
1966 the same	18	870	26	910	34	1,140
1966 a little lower	27	670	37	1,080	46	1 260
1966 a lot lower	30	720	37	980	48	1,210
Future income change (expectations)						
1967 a lot higher	38	840	53	1,200	66	1,423
1967 a little higher	33	770	47	1,090	60	1,280
1967 the same	20	760	28	910		1,110
1967 a little lower	29	890	38	1,040	51	1,300
1967 a lot lower	24	950	32	1,230	42	1,450

(Percentage distribution of families)

^aAnd had debt early in 1967.

^bMean for those families with debt, rounded to the nearest \$10. Note: For 1965 data on debt incurrence, see Table 2-9 of <u>1966 Survey of</u> <u>Consumer Finances</u>.

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RELATION OF INSTALLMENT DEBT INCURRENCE TO INCOME TREND - 1966 AND 1967

	Debt incurred in 1965	Debt incurred in 1966
Income compared to one year ago and one year hence		,
All families	39	37
Continuous gains (++)	51	51
Large	b	61
Other	Ъ	49
Intermittent gains (+=)	37	38
Reversals (+-)	46	47
Stagnation (==)	24	22
Declines (-=;)	31	27
Better or worse financial position now compared to a year ago, and a year hence ^c		
Continuous gains (++)	51	53
Intermittent gains (+=)	46	41
Reversals (+-)	45	48
Stagnation (==)	26	26
Declines (-=;)	32	29

^aCurrent income compared to income one year ago and expected income one year hence.

^bNot ascertained.

^CCurrent financial position compared to one year ago and expected financial position one year hence.

TABLE 2-14 (Sheet 1 of 2)

USE OF INSTALLMENT CREDIT (Percentage distribution of families)

			Use of install	ment credit		
	All, or almost all the time	Most of the time	Only for a period of time	Hardly ever	Never	Don't know, not ascertained
All families	6	23	33	26	11	<u>1</u>
Age of family head						
Under age 25	15	17	32	21	14	1
25-34	10	31	35	19	5	*
35-44	9	32	37	18	4	×
45-54	5	29	35	24	6	1
55-64	4	18	32	33	13	*
65-74	1	11	30	37	21	*
Age 75 or older	L	7	19	42	30	1
Annual family income						
Less than \$3,000	2	15	25	39	18	1
\$3,000-4,999	4	19	30	32	14	1
\$5,000-7,499	7	24	33	25	10	1
\$7,500-9,999	9	30	36	18	7	*
\$10,000-14,999	10	29	36	19	6	*
\$15,000 or more	7	22	39	23	9	*

*Less than 0.5 percent.

The question asked was "Since you were 18, how much of the time have you been making installment payments on something or other, all the time, most of the time, only for a period of time, or hardly ever?"

TABLE 2~14 (Sheet 2 of 2)

USE OF INSTALLMENT CREDIT (Percentage distribution of families)

			Use of install	ment credit	_	
Life cycle stage of family head	All, or almost all the time	Most of the time	Only for a period of time	Hardly ever	Never	Don't know, not ascertained
Under age 45						·
Unmarried, no children	*	18	34	29	17	2
Married, no children	8	23	33	25	11	*
Married, youngest child under age 6	14	31	35	16	3	1
Married, youngest child age 6 or older	13	36	36	13	2	*
Age 45 or older						
Unmarried, no children, head in labor force	1	14	29	37	18	1
Unmerried, no children, head retired	*	7	18	44	30	1
Married, no children, head in labor force	6	20	35	27	11	1
Married, no children, head retired	2	12	33	35	18	*
Married, has children	5	33	34	23	5	*
Any age						
Unmarried, has children	4	26	37	29	4	*

*Less than 0.5 percent.

The question asked was "Since you were 18, how much of the time have you been making installment payments on something other, all the time, most of the time, only for a period of time, or hardly ever?"

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OWNERSHIP OF REVOLVING ACCOUNTS

(Percentage distribution of families)

		Revolving account	\$
	Has revolving account(s)	Does not have revolving account(s)	Don't know, not ascertained
All families	31	69	*
Age of family head			
Under age 25	36	64	*
25-34	41	58	1
35-44	45	55	*
45-54	34	65	1
55-64	22	78	*
65-74	15	84	1
Age 75 or older	4	95	1
Annual family income			
Less than \$3,000	12	87	1
\$3,000-4,999	22	78	*
\$5,000-7,499	35	65	*
\$7,500-9,999	42	58	*
\$10,000-14,999	40	60	*
\$15,000 or more	32	67	1
Installment debt outstanding			
None	16	84	*
\$1-99	37	63	*
\$100-199	42	57	1
\$200-499	45	55	*
\$500-999	44	55	1
\$1,000-1,999	50	50	*
\$2,000-2,999	51	48	1
\$3,000 or more	52	47	1

*Less than 0.5 percent.

The question asked was "Do you have any revolving credit accounts - that is, accounts with stores where you can pay for something over several months?"

INSTALLMENT DEBT

TABLE 2-16

USE OF GASOLINE CREDIT CARDS

(Percentage	distribution	٥ſ	families)
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		Numbe	r of	gasolin	e credit	cards used
	None	One	Two	Three	Four or more	Don't know, not ascertained
All families	70	14	9	4	3	*
Number of cars owned						
None	93	3	2	1	1	*
One	70	16	8	4	2	*
Two	50	20	16	8	6	*
Three or more	50	21	12	9	7	1
Age of family head						
Under age 25	79	15	4	1	1	*
25-34	68	15	10	4	3	*
35-44	60	19	11	6	4	*
45-54	65	15	10	6	3	1
55-64	68	14	10	5	3	*
65-74	78	11	5	3	3	*
Age 75 or older	95	3	1	1	*	*
Annual family income						
Less than \$3,000	95	4	ī	*	*	*
\$3,000-4,999	85	10	3	1	L	*
\$5,000-7,499	73	14	8	3	2	*
\$7,500-9,999	62	20	9	6	3	*
\$10,000-14,999	53	20	15	8	4	*
\$15,000 or more	33	23	17	12	14	1

*Less than 0.5 percent.

The questions asked were "Do you and your family <u>have</u> any gasoline credit cards? How many of them do you use?"

USE OF CHARGE ACCOUNTS

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(Percentage distribution of all families)
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		Ň	lumber	of cha	irge ac	counts us	ed
	None	One	Two	Three	Four	Five or more	Don't know, not ascertained
All families	54	15	12	7	4	7	1
NET OF LOWERY HEAD							
Under age 25	60	19	11	4	2	3	1
25-34	49	19	14	8	3	6	1
35-44	45	18	11	10	4	11	1
45-54	47	17	15	7	5	8	1
55-64	52	13	13	9	5	7	1
65-74	66	9	13	4	Э	5	*
Age 75 or older	80	5	6	4	2	3	*
Annual family income							
Less than \$3,000	80	10	5	2	2	1	*
\$3,000-4,999	71	12	9	4	2	2	*
\$5,000-7,499	55	16	13	8	3	4	1
\$7,500-9,999	45	19	16	9	5	5	1
\$10,000-14,999	35	19	16	1.1	5	12	2
\$15,000 or more	24	12	17	11	8	24	4
Installment debt outstanding							
None	61	12	9	6	4	7	1
\$1-99	54	17	16	6	2	5	*
\$100-199	48	20	18	7	1	5	1
\$200-499	54	21	11	6	2	5	1
\$500-999	48	18	14	8	4	8	*
\$1,000-1,999	44	20	16	10	4	5	1
\$2,000 or more	36	18	20	11	5	8	2

*Less than 0.5 percent.

The questions asked were "Do you and your family have any other charge accounts or credit cards? How many of them do you use?"

3

HOUSING

Highlights

A smaller proportion of families purchased homes in 1966 than in any recent year. The proportion of families purchasing newly built houses fell below 1 percent—about one-half the level that had been maintained for the past 10 years. Not only did the absolute proportion of families purchasing new homes fall, but the ratio of new house purchases also fell from a previous and constant level of about one new house to every two used houses to one new house to every three used houses.

The median price of homes purchased in 1966 was about \$13,000, or about \$1,500 lower than the median price of homes purchased in 1965. The percent of house buyers who incurred mortgage debt remained about the same in 1966 as in 1965. The proportion of all homeowners whose property was mortgaged fell from 58 to 53 between early 1966 and early 1967. Such a decline occurred in every income group. Yet among those with incomes of \$7,500 or more, the decline was smaller than among those with incomes of less than \$7,500.

The median amount of mortgage debt likewise declined between early 1966 and early 1967. The usual annual increase in median mortgage debt on mortgaged homes is due primarily to the purchase of houses, which was relatively infrequent in 1966. There was little corresponding reduction in the median monthly mortgage payments by homeowners with debt.

The proportion of families who own their homes has remained virtually unchanged over the past few years, with slightly more than three-fifths of all nonfarm families owning their homes. In 1967, a slightly smaller proportion of all homeowners estimated that the market value of their homes was \$15,000 or greater than in 1966 (48 as against 51 percent). This small difference made for a drop in the median value between early 1966 and early 1967. On the other hand, since 1960 the median rent has increased by 22 percent, from \$59 in 1960 to \$72 in early 1967.

More than half of all nonfarm homeowners spent money in 1966 for additions and/or repairs to their homes. The proportion varied directly with income, but the difference between the lower income brackets and the higher income brackets was not large. The mean expenditure for additions and repairs decreased from \$650 to \$600 with the largest decreases in expenditure occurring among those with higher incomes. In both 1965 and 1966, over half the aggregate expenditures on additions and repairs were made by homeowners with an annual income of \$10,000 or more. Only 8 percent of renters with incomes under \$4,000 made any additions and/or repairs while 19 percent of those with incomes of \$7,500 or more incurred such expenditures. The mean expenditure for renters was lower in 1966 than in 1965, falling from \$220 to \$140.

Demographic Characteristics

Home ownership was most common among those in the 45 through 54 age range; 71 percent of such families owned their own homes, while among families whose heads were under age 25, only 12 percent owned their own homes. Conversely, these young families were the most likely (about two out of every three) to rent their residences. As expected, the frequency of home ownership increased with income-rising from about one-half of all nonfarm families at the lower income levels to about four-fifths of those with incomes of \$10,000 or more.

Most demographic groups in the population are increasing their rate of home ownership at a slow but fairly consistent pace. Yet among income groups, increases in the percent of families who owned their own homes were confined to the lowest quintile and the two top quintiles. The youngest families have not increased their rate of home ownership between 1960 and 1967. Nonwhites have not increased their rate of home ownership since 1960, with less than two-fifths of them reporting in 1967 that they owned their homes.

Median mortgage debt rises with income-from \$3,700 at the lowest income levels to \$11,900 for those with incomes of \$15,000or more. The amount of net equity (house value minus amount of mortgage debt) in one's home varies with the age of the family head, with over half of those under 35 years old having less than \$5,000 of net equity in their homes, while over half of those age 45 or older had \$10,000 or more net equity in their homes. The median net

HOUSING

equity varies as well with family income, from a low of \$8,200 for those with incomes of less than \$3,000 to a high of \$17,500 for those with incomes of \$15,000 or more.

Purchase of homes in 1966 was most frequent among those with high income (6 percent of those with incomes of \$15,000 or more bought a house for owner-occupancy), those with heads of families between ages 25 and 34 (7 percent), and those heads of families under age 45 who had children under 6 years of age (8 percent).

HIGHLIGHTS OF THE TABLES

TABLE 3-1

HOME OWNERSHIP, MORTGAGE DEBT, AND HOUSING TRANSACTIONS

Indicated in this table are the main trends in ownership, housing purchases, and additions and repairs transactions. Means and medians for these trends are also calculated.

TABLE 3-2

VALUE OF HOUSES OWNED AND MORTGAGE DEBT -1960-1967

Noteworthy here is the finding that since 1960 the percentage increase in the amount of mean mortgage debt was larger than the percentage increase in mean house value.

TABLE 3-3

HOUSE PURCHASES

Within each income, age, and life cycle group, only a very small proportion of families purchased new houses in 1966.

MORTGAGE DEBT OUTSTANDING - 1960, 1966, 1967

There is a significant increase in the share of aggregate mortgage debt held by those with incomes over \$10,000. (The proportion of upper-income people in the population increased greatly from 1960 to 1967.)

TABLE 3-5

VALUE OF HOUSES OWNED AND MORTGAGE DEBT -EARLY 1967

For those with incomes of \$15,000 or more, median house value is twice that for all families, while their median mortgage debt is only 1.4 times as great.

TABLE 3-6

MONTHLY MORTGAGE AND RENT PAYMENTS - EARLY 1967

For every income group there is at most a \$10 difference between monthly mortgage payments and monthly rent payments.

TABLE 3-7

NET EQUITY IN HOMES

There is a sharp increase in net equity for those with incomes of 15,000 or more. Net equity is low among those families in which the head is under 35 years of age.

TABLE 3-8

HOUSING STATUS - 1967

Owning one's home is the predominant housing arrangement for all age groups 35 or older. Those neither owning nor renting are frequent only among those under age 25 and those under age 45 and still single.

CHANGES IN HOUSING STATUS SINCE 1960

The changes in home ownership over the last seven years are small for all demographic groups.

TABLE 3-10

EXPENDITURES FOR ADDITIONS AND REPAIRS ON HOUSES

While the proportion making additions and/or repairs remained about the same in 1966 as 1965, the mean amounts spent declined in 1966.

FIGURE 3-1

(Included in Appendix to Chapter 3)

HOME OWNERSHIP IN EARLY 1967

For all families taken together, the age of the family head is the most important predictor of whether a family owns a home.

Housing status	1960	1964	1 965	1966	1967
Percent of nonfarm					
families who own	58	63	63	62	63
Median house value ^b	\$11,100	\$13,300	\$14,600	\$15,320	\$14,280
Percent of nonfarm					
families who rent	37	31	31	30	35
Median monthly rent ^b	\$59	\$66	\$65	\$70	\$72
Mortgage debt outstanding					
Percent of nonfarm home- owners with mortgage	60	57	58	58	53
Median mortgage debt for mortgaged homes	\$6,400	\$7,10 0	\$7,970	Ş8,950	\$8,440
		Tran	saction y	year	
Housing transactions	1959	1963	1964	1965	1966
Percent of nonfarm families buying homes	5.0	4.7	6.1	6.3	4.1
Percent buying new homes	1.8	1.5	1.5	1.8	0.9
Percent buying used homes	3.2	3.2	4.6	3.9	3.2
Median purchase price ^b	\$12,900	\$11,870	\$14,470	\$14,830	\$13,360
Percent of nonfarm buyers incurring mortgages	91	82	81	75	76
Median mortgage debt incurred by purchasers for those incurring mortgage debt	\$10,690	\$10,380	\$11,250	\$13,330	\$13,020
Additions and repairs transactions					
Percent of nonfarm families making additions and repairs	40	39	37	42	41
Mean amount spent	\$540	\$550	\$550	\$620	\$550

TABLE 3-1

HOME OWNERSHIP, " MORTGAGE DEBT, AND HOUSING TRANSACTIONS

⁸Owner-occupied one-family nonfarm house.

^bMedians were estimated by interpolation.

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TABLE 3-2

VALUE OF	HOUSES OWN	ED AND MORTGA	GE DEBT - 1960	-1967
(Percentag	e distribut	ion of owner-	occupied nonfa	irm houses)

		Ho	use			Mortgag	e debr	
Value or amount	1960	1962	1966	1967	1960	1962	1966	1967
Zero	0	0	Û	0	40	37	42	47
\$1-2,499	4	3	2	3	11	10	8	6
\$2,500-4,999	8	6	5	6	12	10	7	9
\$5,000-7,499	9	9	7	8	14	11	9	8
\$7,500-9,999	13	13	11	9	9	10	8	9
\$10,000-12,499	20	19	15	16	8	1 2	11	9
\$12,500-14,999	11	11	9	10	3	4	5	4
\$15,000-19,999	20	20	21	22	[Г
\$20,000 or more	15	<u>19</u>		26	<u>]</u>	6	10	8
Total	100	100	100	100	100	100	100	100
Mean (in thousands of dollars)	\$13.4	\$14.5	\$16.4 ^c	\$15.9	\$6.8 ^d	\$7.9 ^d	\$8.9 ^d	\$8.7 ^d

^aAs valued by respondents early in year indicated, except that houses purchased during preceding year were valued at purchase price.

^bEarly in year indicated.

^CRevised figure for 1966.

d For mortgaged houses only. .

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HOUSE PURCHASES

(Percentage distribution within income, age, and life cycle groups of nonfarm families who purchased)

	House	purchases, 19	066
	New or used	New house	Used house
All nonfarm families	4	1	3
Annual family income			
Less than \$3,000	2	*	2
\$3,000-4,999	3	1	2 4
\$5,000-7,499 \$7,500-9,999	5 5	1	4
\$10,000-14,999	5	1	4
\$15,000 or more	6	ī	5
Age of family head			
Under age 25	5	*	5
25-34	7	1	6
35-44	5	1	4
45-54	4	1	3
55-64	2	*	2
Age 65 or older	2	1	1
Life cycle stage of family head			
Under age 45			
Unmarried, no children	3	1	2
Married, no children	5	1	4
Married, youngest child under age 6	8	1	7
Married, youngest child age 6 or older	5	1	4
Age 45 or older			
Unmarried, no children, head in labor force	2	*	2
Unmarried, no children, head retired	1	*	1
Married, no children, head in labor force	3	*	3
Married, no children, head retired	Э	1	2
Married, has children	3	1	2
Any age			
Unmarried, has children	1	*	1

*Less than 0.5 percent.

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Notes: The term no children (appearing in this table and also in Table 3-8) 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.

MORTGAGE DEBT OUTSTANDING - 1960, 1966, 1967

		nt of n wning fa	onfarm amilies	with	Percent with mortgage debt		Mean mortgage debt (for those with debt)				ntage s gregate	
	1960	1966	1967	1960	1966	1967	1960	1966	1967	1960	1966	1967
Previous year's income before taxes		<u> </u>							_			
Less than \$3,000	18	20	16	24	18	16	\$3,740	a	\$4,260	4	2	2
\$3,000-4,999	18	15	12	54	38	32	5,200	\$5,540	5,430	12	4	4
\$5,000-5,999	12	8	6	66	57	42	6,070	6,860	6,230	12	5	3
\$6,000-7,499	17	13	11	72	63	57	6,520	7,360	7,650	19	11	11
\$7,500-9,999	16	17	19	70	73	66	7,500	8,670	8,280	20	24	23
\$10,000-14,999	13	17	24	78	73	71	7,840	10,860	9,680	21	33	36
\$15,000 or more	_6	10	12	6 8	68	66	11,550	12,580	12,260	12	21	21
All nonfarm home- owning families	100	100	100	60	58	53	6,810	9,180	8,720	100	100	100
Age of family head												
Under age 35	18	25	16	85	94	84	8,040	10,640	10,320	30	28	30
35-44	25	19	21	81	84	78	7,470	10,380	10,070	37	35	36
45-54	26	20	22	62	69	61	5,900	8,310	7,950	23	26	23
55-64	15	18	17	36	37	37	5,040	6,780	5,630	7	9	8
Age 65 or older		18		17	11	13	3,790	A	4,430	3	2	3
All nonfara home- owning families	100	100	100	60	58	53	6,810	9,180	8,720	100	100	100

(Percentage distribution within income and age groups of nonfarm homeowning families)

a Too few cases to estimate mean.

^bMortgage debt as of the time of interview.

	All nonfarm		Fe	amily incom	e, 1966		
	homeowning families	Less then \$3,000	\$3,000 -4,999	\$5,000 -7,499	\$7,500 -9,999	\$10,000 -14,999	\$15,00 or more
alue of house		. <u> </u>					
Less than \$5,000	9	25	15	8	6	3	*
\$5,000-7,499	8	18	15	12	5	3	*
\$7,500-9,999	9	17	11	14	9	5	1
\$10,000-12,499	16	17	19	23	18	13	6
\$12,500-14,999	10	6	13	8	16	10	5
\$15,000-19,999	22	10	11	24	28	30	19
\$20,000-24,999	10	4	10	5	10	15	13
\$25,000 or more	16	3	6	6	8		56
otal	100	100	100	100	100	100	100
edian (in thousands							
of dollars)	\$14.3	\$8.5	\$11.2	\$11.8	\$14.3	\$17.8	\$30.0
mount of mortgage debt ^a							
None	47	84	68	48	33	29	34
\$1-2,499	6	5	6	8.	8	6	3
\$2,500-4,999	9	5	14	9	9	10	6
\$5,000-7,499	9 8 9	3	6	8	10	11	8
\$7,500-9,999	9	1	2	10	16	11	9
\$10,000-12,499	8	1	2	8	13	12	9
\$12,500-14,999	5	1	1	4	5	6	9
\$15,000 or more	8_	*	<u>1</u>	5	6	<u> 15</u>	22
otal	100	100	100	100	100	100	100
edian (in thousands							
of dollars	\$8.4	\$3.7	\$4.3	\$7.6	\$8.6	\$9.5	\$11.9

VALUE OF HOUSES OWNED AND MORTGAGE DEBT - EARLY 1967 (Percentage distribution within income groups of nonfarm homeowning families)

* ^{*}Less than 0.5 percent. ^aAs of time of interview, January-February 1967; house value estimated by respondents. Note: For early 1966 data, see Table 3-7 in the <u>1966 Survey of Consumer Finances</u>.

MONTHLY MORTGAGE AND RENT PAYMENTS - EARLY 1967

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

			Pamily	income,	1966		
		No	nfarm h	nomeowni	ng fami	lies	
	A11	Less than \$3,000					\$15,000 or more
Monthly mortgage payment							-
Do not have							
mortgage debt	47	85	67	49	33	29	33
Have mortgage debt	53	15	33	51	67	71	67
\$1-24	1	2	1	1	*	*	*
\$25-49	4	3	8	7	5	L	2
\$50-74	12	5	12	11	19	14	5
\$75-99	14	2	6	18	22	21	9
\$100-124	10	1	4	7	13	17	15
\$125-149	6	2	1	5	5	9	10
\$150 or more	6	*	1	2	3	9	26
Total	100	100	100	100	100	100	100
Median payments ^a	\$90	\$60	\$70	\$80	\$90	\$110	\$130

Monthly rent payment ^D		No	nfarm re	nt-payi	ng fami	lies	
\$1-24	5	15	7	2	*	2	*
\$25-49	20	37	18	16	14	7	*
\$50-74	28	30	36	30	29	15	4
\$75 -99	24	14	28	29	31	21	11
\$100-124	11	2	9	14	10	25	19
\$125-149	7	2	1	6	12	15	34
\$150 or more	5		<u> </u>			_15	32
Total	100	100	100	100	100	100	100
Median rent	\$72	\$50	\$70	\$80	\$80	\$100	\$140

*Less than 0.5 percent.

^AMedian amounts rounded to nearest \$10.

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^bRents are tabulated for all nonfarm renters, excluding those who rent part of another family unit's dwelling (roomers, etc.).

Note: For early 1966 data, see Table 3-4 in the 1966 Survey of Consumer Pinances.

				Age of	family	head	
Net equity in home	All nonfarm homeowning families	18-34	35-	44 _4	5-54	55-64	Age 65 or older
	_						
Less than \$500	2	5	2		2	1	*
\$500-999	1	5	1		1	1	*
\$1,000-4,999	21	42	23		19	11	13
\$5,000-9,999	28	30	33		26	27	26
\$10,000-24,999	40	16	34		42	49	52
\$25,000 or more	5,000 or more8				10	_11	_9
Total	100	<u>2</u> 100	100		00	100	100
Median equity							
(in thousands of dollars)	\$9.6	\$4 .8	\$8.5	\$10	.6	\$11.9	\$11,8
		Family income, 1966					
	All nonfarm homeowning families	Leas than \$3,000	\$3,000 -4,999	\$5,000 -7,499	\$7,500	\$10,000	\$15,000 or more
Net equity in home							
Less than \$500	2	1	3	2	2	1	1
\$500-999	ī	3	ī	2	1	2	ĩ
\$1,000-4,999	21	22	21	24	28	19	ŝ
\$5,000-9,999	28	37	24	30	31	27	16
\$10,000-24,999	40	35	45	38	33	43	48
\$25,000 or more	8	2	6	4	5		29
Total	100	100	100	100	100	100	100
Median equity							
(in thousands of dollars)	\$9.6	\$8.2	\$10.3	\$8.6	\$8.0	\$10.2	\$17.5

TABLE 3-7 NET EQUITY^a IN HOMES (Percentage distribution within income and age groups of nonfarm homeowning families)

*Less than 0.5 percent. Net equity is defined as estimated value of the house minus total mortgage debt owed on the house. Note: for early 1966 data, see Table 3-8 in the 1966 Survey of Consumer Finances.

1967 SURVEY OF CONSUMER FINANCES

TABLE 3~8

HOUSING STATUS - 1967

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(Percentage distribution of various groups of nonfarm families)

		Housin	ng stat	us, 1967 ^a	Percent of sample
	Total	Own	Rent	Other ^b	(weighed)
All families	100	61	33	6	100
Age of family head					
Under age 25	100	12	68	20	7
25-34	100	48	46	6	18
35-44	100	67	28	5	19
45-54	100	71	25	4	19
55-64	100	68	26	6	16
Age 65 or older	100	68	25	7	21
Life cycle stage of family head					
Under age 45					
Unmarried	100	17	53	30	6
Married, no children	100	33	61	6	5
Married, youngest child under age 6	100	57	39	4	20
Married, youngest child age 6 or older	100	78	18	4	9
Age 45 or older					
Unmarried, head in					•
labor force	róo	52	39	9	8
Unmarried, head retired Married, no children,	100	61	30	9	10
head in labor force	100	77	19	4	15
Married, no children,				•	
head retired	100	73	22	5	10
Married, has children	100	76	21	3	12
Any age					
Unmarried, has children	100	32	62	6	5
Income of family in 1966					
Less than \$1,000	100	56	29	15	3
\$1,000-1,999	100	49	38	13	9
\$2,000-2,999	100	49	45	6	8
\$3,000-3,999	100	47	43	10	7
\$4,000-4,999	100	52	42	6	7
\$5,000-5,999	100	46	41	13	7
\$6,000-7,499	100	54	40	6	13
\$7,500-9,999	100	66	30	4	18
\$10,000-14,999	100	78	19	3	19
\$15,000 or more	100	83	15	2	9

^aAs of time of interview, January-February, 1967.

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^bIncludes trailer owners, families that rent part of another family's dwelling, and families that neither own nor rent.

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TABLE	3-9
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CHANGES IN HOUSING STATUS SINCE 1960 (Percentage distribution of various groups of nonfarm families)

				Hous	ing stat	us			
		Own			Rent			Otherb	
	1960	1966	1967	1960	1966	1967	1960	1966	1967
All nonfarm families	58	62	61	36	30	33	6	8	6
Nonfarm family income quintiles									
Lowest quintile	42	45	49	42	37	40	16	18	11
Second quintile	47	49	47	46	41	43	7	10	10
Third quintile	55	58	56	41	35	39	4	7	5
Fourth quintile	68	74	71	28	23	25	4	3	4
Highest quintile	77	81	80	21	16	17	2	3	3
Age of family head									
Under age 25	14	9	12	70	62	68	16	29	20
25-34	44	48	48	50	42	46	6	10	6
35-44	64	70	67	33	27	28	3	3	5
45-54	69	75	71	27	21	25	4	4	4
55-64	62	72	68	29	23	26	9	5	6
Age 65 or older	65	63	68	27	26	25	8	11	7
Occupation of family head									
Professional	58	62	63	37	31	31	5	7	6
Managerial, self-employed	75	78	79	22	17	17	3	5	4
Clerical and sales	59	62	58	37	32	36	4	6	6
Skilled, semiskilled	60	62	60	37	34	35	3	4	5
Unskilled and service	39	46	43	46	39	44	15	15	13
Retired	65	66	67	28	24	26	7	10	7
Race									
White	61	64	64	34	28	30	5	8	6
Nonwhite	38	40	38	53	50	54	9	10	8

⁸Excluded families that rent part of another family's dwelling.

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b Includes families that rent part of another family's dwelling or receive housing as part of compensation.

Family income, 1966	expenditures		expend on ou hour	on owned houses		e of egate diture wned ses	Percent of nonfarm <u>renter</u> families making expenditures	
	1965	<u>1966</u>	1965	1966	1965	1966	1965	1966
Less than \$2,000	44	36	\$360	\$290	3	3		
\$2,000-2,999	53	50	380	300	3	3.	5	8
\$3,000-3,999	53	50	420	350	3	3		
\$4,000-4,999	54	58	420	410	Э	4	8	14
\$5,000-5,999	47	58	360	500	3	5		L
\$6,000-7,499	55	52	420	550	8	9	14	14
\$7,500-9,999	62	58	590	540	20	18		
\$10,000-14,999	60	64	920	760	34	34	25	19
\$15,000 or more	59	71	1,060	870	23		Ĺ	L
All families	56	57	\$650	\$600	100	100	13	14

EXPENDITURES FOR ADDITIONS AND REPAIRS ON HOUSES

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^aCalculated only for those who made additions and repairs.

APPENDIX TO CHAPTER 3

Y

Some Additional Remarks About Home Ownership

MOST of the data presented in Chapter 3 of this volume showed the relation of home ownership separately for individual variables, such as age, income, or stage of life cycle of the family head. However, the effects of these variables on home ownership are not additive. Below are shown four types of families with the percent in each group who own their homes. These groups were formed using a computer program called Automatic Interaction Detector,¹ which forms groups according to the particular explanatory variables that maximize differences in the dependent variable, the proportion owning their homes in this case.

The groups, as well as the proportion within these groups who are home owners are shown below:

	Percent who own	Increase in percentage owning per one-unit change in decile positionb
Younger families ^a		
1 or 2 people	14	2.8
3 or more people	49	8.0
<u>Older families^a</u>		
Within central city of one of 12 largest metro- politan areas in country	35	5 .5
Do not live in such an area	74	4.0

^aYounger families are those headed by someone under age 35. Older families are those headed by someone age 35 or older.

^bEach family was ranked in sequential order according to its family income, and from this ranking decile positions were created. Decile position 1 includes all families whose incomes were among the lowest 10 percent of the sample, decile position 2 includes those whose incomes were among the second lowest 10 percent, etc.

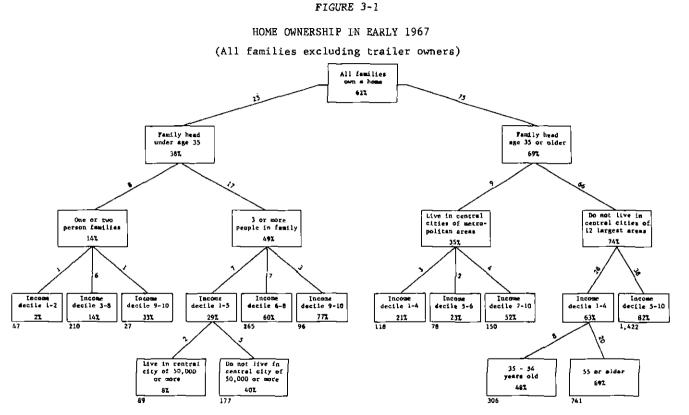
¹See John Sonquist and James Morgan, *The Detection of Interaction Effects*, Monograph 35 (Ann Arbor: Survey Research Center, 1964).

The tabulation is inclusive of all families, except trailer owners. The age of the head of the family is, for all families, the most important predictor of whether a family owns its home. For younger families taken alone, it is whether there are three or more people in the family versus only one or two that is most important. For older families, it is whether their place of residence is within the central city of one of the twelve largest metropolitan areas of the country that is the most important factor. Within each of these four groups, family income is the most important variable for reasons described below.

The younger families (under age 35, one or two persons with no children) are not only unlikely to own a home, but are not responsive to a high income in purchasing one. Younger families with children, however, have a very high responsiveness to income in owning a home, because they do not already own one, clearly have the need for the space and privacy, as well as having other pressing needs that force those with low incomes to postpone buying a house.

The older people not living in the center of a large metropolitan area (with apartments) are very likely to own a home, and are not responsive to income differences, since even among the low income groups ownership is already high. Older people living inside the big cities of large metropolitan areas are somewhat more affected by income in deciding whether to buy a home, perhaps because private homes are very expensive in these areas, whereas apartments are plentiful.

The complete analysis of home ownership is shown on Figure 3-1. The structure of Figure 3-1 was determined by an analysis of home ownership in 1965. The 1965 data are not repeated here since there have been no significant changes in the two years since then.



Notes: Numbers on the lines are percentages of all families, Numbers in the boxes are percentages of that group who own a home. Numbers appearing below the boxes are number of actual interviews. APPENDIX TO CHAPTER 3

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4

AUTOMOBILE PURCHASES AND OWNERSHIP

NEW car sales to private consumers declined in 1966 the first time since 1961 that American families failed to sustain a record-breaking purchasing rate in the automotive market. Survey data indicate that private consumers bought 7.6 million new cars in 1966, down slightly from the all-time record high of 7.9 million new cars bought in 1965. Used car sales remained quite stable at slightly more than 11 million units.

The average price paid for new cars in 1966 did not increase even though retail prices rose due to cost increases, new safety features, and an increase in the proportion of cars produced with factory-installed optional equipment (V-8 engines, power accessories, air conditioners, automatic transmissions, and radios). The proportion of new cars bought for more than \$3,000 declined from 61 percent in 1965 to 58 percent in 1966.

American families traded in fewer cars in 1966. The proportion of new car transactions involving a trade-in dropped from 80 percent in 1965 to 71 percent in 1966. A similar though not so significant decline was observed for purchases of used cars. As a consequence, the average cash outlays and amounts borrowed generally increased, particularly for new car purchases. Almost 10 percent of all used cars purchased were bought solely on credit. Average net outlay (price minus allowance for car traded in) reached a new high of \$2,460 for new cars purchased in 1966.

Almost 30 percent of all families interviewed reported buying at least one new or used car in 1966. Over one-half of all new cars bought were purchased by families with incomes of \$10,000 or more (about one-fourth of all families). Nearly 25 percent of the new cars sold were bought by families with incomes of \$15,000 or more (about 10 percent of all families). The data suggest (Table 5-12) that much of the year-to-year variability in new car sales is due to the behavior of these high-income families. Purchase rates vary significantly for these high-income groups (families with incomes above \$15,000 bought .41 cars per family in 1964 compared to .32 cars per family in 1966), suggesting that they are capable of significant adjustments in purchasing behavior in response to changes in economic factors.

After a decade of rapid gains, the growth in multiple car ownership leveled off in 1966. In 1955, 10 percent of American families owned two or more cars. By 1965, this figure reached 24 percent. Most certainly, this growth contributed significantly to the success of the auto industry since 1961. However, the growth has stopped and the percentage of families owning more than one car has stabilized at about 25 percent of all families, undoubtedly contributing to the decline in auto sales in 1966.

Over one-half of the families with incomes of \$10,000 or more own two or more cars, with 70 percent or more owning at least one car bought new. And, although multiple car ownership is heavily concentrated among upper-income families, car ownership is not. Almost 80 percent of all families own at least one car. About 90 percent of all families with incomes above \$5,000 own at least one car. Since many of the ineligible drivers (such as old people and the disabled) tend to fall into the lower income groups, it is likely that most families with eligible drivers have a car.

For a significant part of the population, truck ownership substitutes, at least to some extent, for the ownership of automobiles. About 70 percent of all truck owners make some use of their trucks for personal transportation (in addition to business and farm use). Fifteen percent of all families own a truck and at least one car. Only a few families (about 2 percent) own no car but do own a truck.

Regional concentrations of truck owners vary from as low as 5 percent of all families in the Northeast to 25 percent in the South and West. When car and truck ownership are combined into a category of vehicle-ownership, the proportion of families owning two or more vehicles rises to 36 percent of all families, 11 percent higher than the proportion owning only two cars.

HIGHLIGHTS OF THE TABLES

TABLE 4-1

FAMILY CAR PURCHASES

Fewer new cars were bought in 1966 than in 1965. There was little change in the average price paid and only minor declines in aggregate expenditure. Average net outlay rose to a new high.

TABLE 4-2

PRICE PAID AND NET OUTLAY FOR NEW AND USED CAR PURCHASES

Fewer very high price (\$3,500 or more) new cars were bought in 1966 than in 1965, while net outlays exceeding \$3,000 were more frequent than ever. The average price paid for used cars fell slightly.

TABLE 4-3

CASH OUTLAY AND AMOUNT BORROWED ON NEW AND USED CAR PURCHASES - 1965, 1966

The average cash outlay and amount borrowed on new cars purchased rose in 1966.

TABLE 4-4

AGE DISTRIBUTION OF USED CARS PURCHASED

Since 1963, year-to-year changes have been slight in the relative age of used cars purchased.

METHOD OF FINANCING NEW AND USED CARS PURCHASED

Credit was used for the purchase of 61 percent of new cars and 45 percent of used cars.

TABLE 4-6

USE OF CREDIT IN PURCHASING NEW AND USED CARS - 1965, 1966

Installment credit was used less often in the purchase of expensive new cars (\$4,000 and over) than for any of the lower price ranges. For used cars, the opposite was true.

TABLE 4-7

CREDIT USE AND CAR PURCHASING ACTIVITY

About 30 percent of all families bought a car in 1965 and in 1966 (either new or used). Almost one-third of these families increased the number of cars that they owned.

TABLE 4-8

NUMBER OF YEARS TRADE-IN OWNED AND AGE OF CARS TRADED IN - 1965, 1966

Over one-half of cars traded in on a used car were over 6 years old, while almost half of cars traded in on new cars were less than 3 years old. Well over 50 percent of all cars traded in are *owned* less than 3 years.

TABLE 4-9

TRADE-IN ACTIVITY - 1965, 1966

About one-half of all cars traded in on new cars were originally bought new. Only about one-third of all families buying a used car traded in another car, predominately purchased used.

CONDITION OF TRADE-IN - 1965, 1966

Cars traded in on new car purchases tend to be reported as being in better condition than those traded in on used cars. Most older families trading in a car report that it was in good condition. This is true also for high-income families.

TABLE 4-11

NEW CAR PURCHASES - WITHIN FAMILY INCOME GROUPS

Over 20 percent of all new cars bought were purchased by families with incomes of \$5,000 or more (about 10 percent of all families). The purchasing behavior of these families is the most volatile.

TABLE 4-12

USED CAR PURCHASES - WITHIN FAMILY INCOME GROUPS

Except for very low-income families, the share of all used cars purchased by each income group is almost proportionate to its relative size in the population.

TABLE 4-13

NEW CAR PURCHASES - WITHIN FAMILY LIFE CYCLE GROUPS

Married families with children purchased a disproportionately large share of the new cars bought since 1963.

TABLE 4-14

USED CAR PURCHASES - WITHIN FAMILY LIFE CYCLE GROUPS

Used car purchases by married families with children were also disproportionately larger each of the past 4 years.

NEW, USED, AND MULTIPLE CAR OWNERSHIP - 1955-1967

Twenty-five percent of all families own two or more cars. The growth in multiple car ownership has leveled off since 1965.

TABLE 4-16

CAR OWNERSHIP - WITHIN VARIOUS GROUPS

Over one-half of the high-income families (\$10,000 or more) own two or more cars. About 90 percent of all families with incomes of \$5,000 or more own at least one car. Ownership rates are significantly lower for nonwhites.

TABLE 4-17

NUMBER OF YEARS FAMILIES HAVE OWNED TWO OR MORE CARS

High-income families and those with more than one driver have been multiple owners for long periods of time. Young families and those with low incomes are the most recent multiple car owners.

TABLE 4-18

TRUCK OWNERSHIP

About 70 percent of all farmers own at least one truck. Nearly 30 percent own two or more. Truck owners are concentrated in the West.

TABLE 4-19

NUMBER OF VEHICLES OWNED

Only 2 percent of all families own a truck but not a car. Twenty-five percent of all families own two or more cars, 36 percent own two or more vehicles (cars and trucks). Multiple car ownership and multiple vehicle ownership are highest in the West.

USE OF TRUCKS FOR PERSONAL TRANSPORTATION

Almost one-half of the single car-owning families frequently use their trucks for personal transportation. Families in the West make most frequent use of their trucks for non-business purposes.

	FAM	ILY	CAR	PURCHASES	
--	-----	-----	-----	-----------	--

Year of	purcha a prop of fam	ars ased as portion milies ^a ercent)	purch	r of rs ased ^d llions)	Average ed ^d expenditure		Estimated total expenditure ^{cd} (in billions)		Average net outlay per car		Estimated total net outlay ^{Cd} (in billions)	
purchase	New	Used	New	Used	New	Used	New	Used	New	Used	New	Used
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

^aCars purchased during the year and disposed of before interviewing time early in the following year are not included. Excluding cars received as gifts or paid for (partly) by swapping non-automobile items such as boats, trucks, or trailers. Cars received as gifts or for payment in kind are included in aggregate estimates at the mean for the sample. dAggregate data for 1966 based on revised estimates of total number of families in the United States.

TABLE 4-2 (Sheet 1 of 2)

PRICE PAID AND NET OUTLAY FOR NEW AND USED CAR PURCHASES

(Percentage distribution of purchases)

		Price				Net outlay ^a					
Amount for new cars	1962	1963	1964	1965	1966	1962	1963	1964	1965	1966	
Less than \$1,000 ^b	*	· +	*	*	*	6	7	4	5	2	
\$1,000-1,499	*	*	*	*	*	11	6	7	9	8	
\$1,500-1,999	7	6	6	5	6	21	20	21	17	17	
\$2,000-2,499	20	20	17	11	11	33	32	31	27	27	
\$2,500-2,999	31	24	26	23	25	18	17	21	23	24	
\$3,000-3,499	22	21	22	26	27	<u> </u>					
\$3,500 or more	20	29	29	35	31	11	18	16	19	22	
Total	100	100	100	100	100	100	100	100	100	100	
Mean ^C	\$2,990	\$3,130	\$3,140	\$3,260	\$3,250	\$2,180	\$2,310	\$2,300	\$2,320	\$2,460	

* Less than 0.5 percent. Price minus trade-in or sale. Dincludes cars received as gifts and payment in kind. Excludes cars received as gifts. In early years, cars paid for (partly) by swapping non-automobile 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 in January-February 1963, 1964, 1965 1966, or 1967 that 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 FURCHASES

(Percentage distribution of purchases)

		Price				Net outlay				
Amount for used cars	1962	1963	1964	1965	1966	1962	1963	1964	1965	1966
Less than \$500 ^b	42	43	44	44	44	49	50	50	49	50
\$500-999	26	20	19	20	22	27	22	22	22	21
\$1,000-1,499	15	15	14	17	12	14	16	14	15	14
\$1,500-1,999	9	12	10	6	10	6	6	8	8	8
\$2,000 or more	8	10	13	13	12	4	6	6	6	7
Total	100	100	100	100	100	100	100	100	100	100
Mean ^C	\$840	\$920	\$920	\$910	\$880	\$680	\$720	\$720	\$730	\$730

For definition of above footnotes, see sheet 1 of this table.

CASH OUTLAY AND AMOUNT BORROWED ON NEW AND USED CAR PURCHASES - 1965, 1966

		Cash o	utlay		A	Amount borrowed			
		cars		cars		cars		cars	
Amount	1965	1966	1965	1966	1965	1966	1965	1966	
Zero ^a	26	34	29	27	38	39	55	56	
\$1-249	9	6	31	35	*	*	4	6	
\$250-499	7	7	19	16	*	*	8	8	
\$500-999	10	10	12	13	4	2	15	13	
\$1,000-1,499	12	8	5	5	12	7	10	9	
\$1,500-1,999	10	9	2	3	12	13	4	5	
\$2,000-2,499	9	9	1	1	16	18	2	2	
\$2,500 or more	15	17	*	*	16	20	1	1	
Not ascertained	2	*	1	*	2	1	1	_*	
Total	100	100	100	100	100	100	100	100	
Mean cash outlay (for purchases involv- ing cash outlay)	\$1,490	\$1,650	\$430	\$440					
Mean amount borrowed (for purchases involv- ing borrowing)					\$1,990	\$2,150	\$960	\$900	

(Percentage distribution of purchases)

*Less than 0.5 percent.

^aIncludes cars received as gifts.

Age of car at	Year of purchase							
time of purchase	1961	1962	1963	1964	1965	1966		
l year or less	12	9	12	13	11	13		
2-4 years	27	28	33	27	29	27		
5-7 years	37	32	24	29	29	32		
8-10 years	15	20	21	19	20	17		
11 or more years	9	11	10	12	11	11		
Total	100	100	100	100	100	100		

AGE DISTRIBUTION OF USED CARS PURCHASED (Percentage distribution)

a Based on year model; one year or less for 1966 stands for 1965, 1966, or 1967 model year cars.

TABLE 4-5

METHOD OF FINANCING NEW AND USED CARS PURCHASED

(Percentage distribution of purchases)

	New	7 car p	urchas	88	Used car purchases			
Financing method	1963	1964	1965	1966	1963	1964	<u>1965</u>	1966
Cash only	7	10	7	12	32	35	36	38
Cash plus trade-in or sale	32	30	30	26	19	18	16	15
Installment or other borrowing only	2	2	2	4	4	6	8	9
Installment or other borrowing plus trade- in, sale, or cash	58	58	60	57	40	38	37	24
							37	36
Gift	1	*	1			3	3	2
Total	100	100	100	100	100	100	100	100

*Less than 0.5 percent.

USE OF CREDIT IN PURCHASING NEW AND USED CARS - 1965, 1966 (Percent of purchases that were on credit, by income and car price)

	Car bou	ght new	Car boug	ght used
	1965	1966	1965	1966
Percent of cars bought on credit	62	61	45	45
Disposable income of purchaser				
Less than \$5,000	71 ^b	55 ^b	48	53
\$5,000-7,499	63	71	49	42
\$7,500-9,999	69	60	40	39
\$10,000-14,999	67	66	42	50
\$15,000 or more	41	45	а	25
Total price of car				
Less than \$500	a	a	22	25
\$500-999	а	a	49	55
\$1,000~1,499	a	а	64	63
\$1,500-1,999	61 ^b	76 ^b	82 ^b	62 ^b
\$2,000-2,499	91	78	02	62
\$2,500-2,999	68	56	a	a
\$3,000-3,499	68	60	a	а
\$3,500-3,999	66	66	a	a
\$4,000 or more	50	55	a	a

^aToo few cases.

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^bLarge differences due primarily to the infrequency of purchases in these groups.

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CREDIT USE AND CAR PURCHASING ACTIVITY (Percentage distribution of families)

	1965	1966
Replaced car stock ^a	18	 L6
Bought on credit	10	9
Other method of finance ^b	8	7
Increased car stock ^C	9	10
Bought on credit	4	5
Other method of finance $^{\mathrm{b}}$	5	5
Purchased car, but total car stock declined	2	2
Total purchasing new or used car	29	28
Total not purchasing new or used car	71	72
Total	100	100

^aNumber of cars traded in equals the number of cars purchased.

^bAll cash or cash plus trade-in only.

 ${}^{\mathbf{C}}\mathbf{N}\mathsf{u}\mathsf{m}\mathsf{b}\mathsf{e}\mathsf{r}$ of cars $\mathsf{pu}\tau\mathsf{c}\mathsf{h}\mathsf{a}\mathsf{s}\mathsf{e}\mathsf{d}$ exceeded number of cars traded in.

^dNumber of cars purchased fewer than number of cars traded in or disposed of. Does not include families who disposed of a car but did not purchase a new or used car.

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Note: Families buying more than one car are classified by the method of finance used for the purchase of the newest car.

NUMBER OF YEARS TRADE-IN OWNED AND AGE OF CARS TRADED IN - 1965, 1966 (Percentage distribution of automobiles)

	Cars bo	ught new	Cars boug	ht used	
	1965	1966	1965	1966	
No trade-in	20	29	58	64	
Trade-in	80	71	42	36	
Number of years trade-in owned					
l year or less	25	18	27	32	
2 years	20	21	16	22	
3 уеатв	16	21	18	10	
 4 years 	13	19	10	10	
5 years	10	7	12	5	
6- 7 years	10	7	9	11	
8 or more years	6	7	8	10	
Total	100	100	100	100	
Age of trade-in					
l year or less	16	17	*	2	
2 years	17	14	1	4	
3 years	17	14	6	5	
4 years	13	14	8	6	
5 years	15	10	8	10	
6-7 years	11	17	18	30	
8 or more years	11	14	59	43	
Total	100	100	100	100	

* Less than 0.5 percent.

^aBought in 1964 or 1965 for 1965; bought in 1965 or 1966 for 1966.

^b1964, 1965, 1966 (if any) models for 1965; 1965, 1966, 1967 (if any) models for 1966.

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TRADE-IN ACTIVITY - 1965, 1966 (Percentage distribution of families)

	1965	1966
Did not purchase a car	71	72
Purchased a new car ⁸	13	12
Traded in a car bought new	7	6
Traded in a car bought used	3	3
No car traded in	3	3
Purchased a used car ⁸	16	16
Traded in a car bought new	1	1
Traded in a car bought used	6	Ś
No car traded in	9	10
	——	
Total	100	100

^aFamilies buying more than one car are classified only once according to the newest car purchased.

		Cond	ition of	car tra	aded in	a	
	Good like		Fair, r some	work		thing ously ng	
	1965	1966	1965	1966	1965	1966	Total
All cars traded in	47	48	34	32	19	20	100
Age of traded in car ^b							
1 year or leas	85	3	10	8	5	9	100
2-3 years	67	75	27	22	6	3	100
4-5 years	50	42	34 43	37	16 30	21	100
6 or more years	28	32	43	38	30	30	100
Number of years trade-in owned							
l year or less ^C	47	48	29	24	24	28	100
2-3 years	48	53	38	31	14	16	100
4-5 years	52	42	31	36	17	22	100
6 or more years	35	43	38	40	27	17	100
Purchase pattern of family making trade-in							
Bought a new car in 1966							
Trade~in bought new	67	71	21	21	12	8	100
Trade-in bought used	44	36	39	46	17	18	100
Bought a used car in 1966							
Trade-in bought new	40	40	40	39	20	21	100
Trade-in bought used	27	33	45	33	28	34	100
Annual family income							
Less then \$5,000	36	39	37	32	27	29	100
\$5,000-7,499	39	44	44	32	17	24	100
\$7,500-9,999	48	48	31	27	21	25	100
\$10,000-14,999	44	50	34	35	22	15	100
\$15,000 or more	67	59	23	30	10	11	100
Number of cars owned							
Own one car	42	47	38	32	20	21	100
Own two or more cars	53	50	29	30	18	20	100
Age of family head							
Under age 35	34	39	49	35	17	26	100
35-44	43	43	32	38	25	19	100
45-54	52	52	31	30	17	18	100
55-64	53	55	26	24	21	21	100
Age 65 or older	63	72	23	14	14	14	100

TABLE 4-10 CONDITION OF TRADE-IN^a - 1965, 1966 (Percentage distribution of cars traded in)

^aThe question asked was: "When you traded it in (sold it), was it in good shape, did it need some repairs, or was something seriously wrong with it?" Includes cars sold in connection with a purchase. ^b1964-1966 models for 1965; 1965-1967 models for 1966. ^CBought in 1964-1966 for 1965; bought 1965-1967 for 1966.

NEW CAR PURCHASES - WITHIN FAMILY INCOME GROUPS

(Percentage distribution)

		Distribution of all families in the U.S.				Shares car put	of new cchases		Ratio of new car purchase to number of families				
Annual family income	1963	1964	1965	1966	1963	1964	1965	1966	1963	1964	1965	1966	
Less than \$3,000	23	21	19	19	5	2	3	2	2	1	2	2	
\$3,000-4,999	17	16	16	15	7	5	7	7	4	4	6	6	
\$5,000-7,499	26	23	21	20	21	16	17	16	9	9	11	10	
\$7,500-9,999	15	17	17	18	17	23	19	22	12	16	15	16	
\$10,000-14,999		15	17	19		27	27	31	28	22	21	21	
\$15,000 or more	19	8	10	9	50	27	27	22	28	41	37	32	
Total	100	100	100	100	100	100	100	100	11	12	13	13	

USED CAR PURCHASES - WITHIN FAMILY INCOME GROUPS

(Percentage distribution)

	Distribution of all <u>families in the U.S.</u>					of use rchases		Ratio of used car purchase to number of families				
Annual family income	1963	1964	1965	1966	1963	1964	1965	1966	1963	1964	1965	1966
Less than \$3,000	23	21	~ 19	19	16	10	10	10	14	9	10	10
\$3,000-4,999	17	16	16	15	16	15	14	16	19	19	18	21
\$5,000-7,499	26	23	21	20	31	31	29	22	24	26	27	21
\$7,500-9,999	15	17	17	18	18	21	18	21	24	23	20	23
\$10,000-14,999		15	17	19		17	22	22		21	25	22
\$15,000 or more	19	8	10	9	19	6	7	9	20	14	13	19
Total	100	100	100	100	100	100	100	100	20	19	19	19

				tcentage	alstributio	,, 						
Life cycle stæge			ion of in the			hares ar pur			Ratio c to n		car pu of fam	
of family head	1963	1964	1965	1966	1963	1964	1965	1966	1963	1964	1965	1966
Under age 45			_					—				_
Unmarried, no children	5	5	5	6	1	5	5	6	3	12	12	12
Married, no children	5	5	6	5	7	6	7	7	13	14	17	18
Married, youngest child under age 6	22	21	20	20	21	20	21	18	11	12	14	12
Married, youngest child age 6 or older	10	10	10	9	14	1 2	14	12	14	15	18	L 6
Age 45 or older												
Unmarried, no children, head in labor force	7	- 7	7	7	7	5	4	5	11	9	8	9
Unmarried, no children, head retired	9	9	9	10	2	3	2	1	3	4	3	L
Married, no children, head in labor force	16	17	14	16	19	25	18	21	13	18	18	17
Mærried, no children, head retired	B	8	10	10	6	5	9	9	7	7	12	12
Married, has children	14	13	14	12	21	16	17	17	16	15	17	18
Any age												
Unmarried, has children	_ 4	5	5	5	2	3	3	4	4	7	7	10
Fotal	100	100	100	100	100	100	100	100	11	12	13	13

TABLE 4-13 NEW CAR PURCHASES - WITHIN FAMILY LIFE CYCLE GROUPS (Percentage distribution)

Notes: The term no children, appearing frequently in this chapter, 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.

USED CAR PURCHASES - WITHIN FAMILY LIFE CYCLE GROUPS

(Percentage distribution)

Life cycle stage		ributi lies i				Shares of used car purchases				Ratio of used car purchases to number of families				
of family head	1963	1964	1965	1966	1963	1964	1965	1966	1963	1964	1965	1966		
Under age 45														
Unmarried, no children	5	5	5	6	4	3	2	5	16	12	8	16		
Married, no children	5	5	6	5	4	7	7	7	13	26	25	26		
Married, youngest child under age 6	22	21	20	20	35	30	30	31	33	27	29	30		
Married, youngest child age 6 or older	10	10	10	9	12	16	16	14	2 4	29	30	30		
Age 45 or older														
Unmarried, no children, head in labor force	7	7	7	7	2	3	3	3	7	8	9	6		
Unmarried, no children, head rerired	9	9	9	10	2	1	2	1	4	2	5	1		
Married, no children, head in labor force	16	17	14	16	15	15	13	1 2	19	18	18	15		
Married, no children, head retired	8	8	10	10	3	4	5	3	7	6	9	6		
Married, has children	14	13	14	12	19	18	17	20	27	27	25	32		
Any age														
Unmarried, has children	_4	5	5	_5	4	_3	5	_4	16	13	19	15		
Total	100	100	100	100	100	100	100	100	20	19	19	19		

NEW, USED, AND MULTIPLE CAR OWNERSHIP - 1955-1967

Car ownership	1955	1957	<u>1959</u>	1961	1962	1 9 63	1 96 4	1965	1966	1967
Own one car, bought new	27	28	27	26	24	26	26	27	27	27
Own one car, bought used	33	34	32	32	33	32	30	28	27	26
Own two or more cars ^a	10	13	15	18	17	22	22	24	25	25
Do not own car	30	25	26	24	26	20	22	21	21	22
Total	100	100	100	100	100	100	100	100	100	100
Total number of families in United States (in millions of families)	49.1	51.4	52.5	54.2	54.9	56.5	56.8	58.5	59.1	60.

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^aIncludes all families owning two or more cars; at least one bought new and one bought used.

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TABLE 4-16 (Sheet 1 of 2)

CAR OWNERSHIP - WITHIN VARIOUS GROUPS

(Ownership as a percentage of families in specified groups)

	Own at one	least car	more	ne or cars t new	Own t more	wo or cars
Annual family income	1966	1967	1966	1967	1966	1967
Less than \$1,000	24	25	4	10	3	6
\$1,000-1,999	31	38	10	13	3	2
\$2,000-2,999	54	53	17	17	3	5
\$3,000-3,999	67	63	27	23	6	10
\$4,000-4,999	76	76	26	39	11	14
\$5,000-5,999	84	82	32	37	16	15
\$6,000-7,499	89	86	41	39	21	19
\$7,500-9,999	93	93	53	53	30	29
\$10,000-14,999	96	95	69	67	46	45
\$15,000 or more	95	93	84	75	60	62
Life cycle stage of family head						
Under age 45						
Unmarried, no children	53	65	26	32	5	7
Married, no children	91	96	52	54	17	31
Married, youngest child under age 6	93	92	42	40	27	27
Married, youngest child age 6 or older	95	95	54	49	47	43
Age 45 or older						
Unmarried, no children, head in labor force	64	60	39	39	9	9
Unmarried, no children, head retired	31	29	18	19	4	3
Married, no children, head in labor force	91	91	62	61	35	37
Married, no children, head retired	74	73	· 43	47	9	9
Married, has children	89	90	51	50	44	46
Any age						
Unmarried, has children	61	55	26	28	12	10
All families	79	78	44	44	25	25

TABLE 4-16 (Sheet 2 of 2)

CAR OWNERSHIP - WITHIN VARIOUS GROUPS

(Ownership as a percentage of families in specified groups)

	Own at one	ieast car	more	one or cars nt new	Own t more	wo or cars
Age of head	1966	1967	1966	1967	<u> 1966</u>	<u>1967</u>
Under age 25	72	82	24	29	7	14
25-34	88	86	45	42	24	21
35-44	90	88	48	46	36	35
45-54	86	86	52	51	36	40
55 ~6 4	78	76	50	51	25	24
Age 65 or older	53	56	30	35	8	8
Education of head						
0-8 grades	63	64	28	31	7	15
9-11 grades	81	75	42	36	23	26
12 grades	87	86	46	48	28	29
Some college	85	90	52	56	30	30
College degree	91	88	68	67	35	34
Race						
White	82	82	46	47	26	27
Nonwhite	48	53	20	18	14	11
Region						
Northeast	74	71	44	44	21	19
North Central	84	83	49	48	29	28
South	77	76	39	40	25	24
West	81	84	42	43	22	29
Belt						
Central cities of 12 largest SMSA's	, 5 6	54	36	31	11	9
Central cities of other SMSA's	77	73	39	37	24	22
Suburban areas of 12 largest SMSA's	86	00	(0)			
Suburban areas of other	00	88	60	57	32	36
SMSA's	92	87	53	54	37	34
Adjacent areas of SMSA's	85	86	40	45	28	27
Outlying areas of SMSA's	75	76	36	38	18	20
All families	79	78	44	44	25	25

NUMBER OF YEARS FAMILIES HAVE OWNED TWO OR MORE CARS (Percentage distribution of families owning two or more cars)

	_		Number	of ye	ars fau	ilies	have ow	med tw	o or mo	re cars	a		
	l or	less	2-	3	4-	6	7-	10		er ears		ertained 't know	
	1966	1967	1966	1967	1966	1967	1966	1967	1966	1967	1966	1967	Totals
All families	20	24	19	21	22	20	18	14	20	14	1	7	100
Annual family income													
Less than \$5,000	43	42	22	23	13	10	11	8	9	10	2	7	100
\$5,000-7,499	35	30	20	24	20	19	10	8	14	12	1	7	100
\$7,500-9,999	20	25	20	24	26	18	16	14	16	10	2	9	100
\$10,000-14,999	18	22	22	22	24	23	20	13	16	14	*	6	100
\$15,000 or more	5	12	12	12	22	23	25	24	35	21	1	8	100
Number of major earners													
One	22	25	22	18	19	2 1	18	13	18	15	1	8	100
Two	21	23	17	23	22	18	20	14	20	15	*	7	100
Three or more	10	21	14	22	40	25	15	20	20	6	1	6	100
Number of drivers ^C													
One	41	24	26	22	12	19	3	7	15	13	3	15	100
Two	23	24	19	21	21	19	17	15	19	15	1	6	100
Three or more	11	22	16	21	28	21	22	15	22	13	1	8	100
Age of family head													
Under age 35	36	40	28	29	25	19	9	4	1	2	1	6	100
35-44	17	26	24	19	23	23	19	13	16	14	1	7	100
45-54	15	17	14	20	23	21	22	20	26	15	*	7	100
55-64	18	15	12	18	17	18	18	19	31	20	4	10	100
Age 65 or older	11	13	11	10	24	18	19	10	35	36	*	13	100

*Less than 0.5 percent. ^aThe question asked was "How long have you had more than one car in the family?" ^bOmitted were 14 (1966) and 15 (1967) families who had no major earners (earns \$600 or more per year).

"The question asked was "Altogether, how many people are there in your family living here who can drive?"

TRUCK OWNERSHIP

(Percentage distribution of families)

	N	umber of	trucks own	ed
	None	One	Two or more	Total
Occupation of family head				
Professionals, managers	92	7	1	100
Self-employed businessmen	57	24	19	100
Clerical and sales workers	94	6	*	100
Skilled and semiskilled workers	79	19	2	100
Unskilled laborers, service workers	87	12	1	100
Farmers, farm managers	28	45	27	100
Miscellaneous (including retired)	91	9	*	100
Region				
Northeast	94	5	1	100
North Central	84	12	4	100
South	80	17	3	100
West	74	22	4	100
Belt				
Central cities of 12 largest SMSA's	98	2	*	100
Central cities of other SMSA's	91	8	1	100
Suburban areas of 12 largest SMSA's	90	9	1	100
Suburban areas of other SMSA's	85	13	2	100
Adjacent areas of SMSA's	76	20	4	100
Outlying areas of SMSA's	69	25	6	100
All families	83	14	3	100

*Less than 0.5 percent.

NUMBER OF VEHICLES OWNED

(Percentage distribution of families)

	Ň	lumber o	f cars ow	ned	Numb	er of v	ehicles o	wned
		·	Two or	<u> </u>			Two or	
	None	One	more	Total	None	One	more	Total
Region								
Northeast	29	52	19	100	29	48	23	100
North Central	17	55	28	100	16	46	38	100
South	24	52	24	100	21	42	37	100
West	16	55	29	100	14	38	48	100
Belt								
Central cities of 12 largest SMSA's	47	44	9	100	46	44	1 0	100
Central cities of other SMSA's	27	51	22	100	26	47	27	100
Suburban areas of 12 largest SMSA's	12	52	36	100	12	44	44	100
Suburban areas of other SMSA's	13	53	34	100	12	44	44	100
Adjacent areas of SMSA's	14	59	27	100	12	45	43	100
Outlying areas of SMSA's	24	56	20	100	19	40	41	100
All families	22	53	25	100	20	44	36	100

^aCars and trucks.

		Free for p	uency of use o ersonal transp	f trucks ortation	
	Never	Rarely	Occasionally	Frequently	Total
Number of cars owned					
None	5	3	5	87	100
One	32	7	14	47	10 0
Two or more	45	12	13	30	100
Occupation of family head					
Farmers, farm managers	50	11	14	25	100
Skilled workers	21	5	9	65	100
Semiskilled workers	21	7	13	5 9	100
Unskilled laborers, service workers	25	6	16	53	100
All others	38	9	12	41	100
Region					
Northeast	43	11	7	39	100
North Central	42	7	13	38	100
South	34	8	13	45	100
West	16	8	13	63	100
Belt					
Central cities of 12 largest SMSA's	29	, *	14	57	100
Central cities of other SMSA's	27	7	11	55	100
Suburban areas of 12 largest SMSA's	26	9	6	59	100
Suburban areas of other SMSA's	23	10	7	60	100
Adjacent areas of SMSA's	45	16	6	33	100
Outlying areas of SMSA's	30	9	14	47	100
All truck owners	33	8	12	47	100

USE OF TRUCKS FOR PERSONAL TRANSPORTATION

(Percentage distributions of truck owners)

*Less than 0.5 percent.

a The question asked was "Do you people ever use it (them) for personal transportation (shopping, fishing, or hunting and the like) or is it (are they) only for business or farming?"

5

HOUSEHOLD DURABLES AND VACATIONS

Highlights

SOME of the major discretionary expenditures by consumers, in addition to money spent on the purchase of cars and on additions to or repairs of homes (which was discussed in Chapters 3 and 4), are for buying durable goods other than an automobile and for paying vacation expenses. Nearly 50 percent of all American families purchased household appliances and furniture in 1966, spending, on the average, over \$400 each. The higher the annual income, the higher the proportion of families that made a purchase. However, the proportion of low-income families (under \$5,000) making such purchases has risen during the last few years.

Purchasing behavior is influenced by a change in income as well as the level of family income. Families whose incomes were higher in 1966 than in 1965 typically purchased more often than did other families who were at the same general income level. For example, among families with incomes over \$10,000, 65 percent of those reporting higher incomes in 1966 purchased household durables (furniture and appliances) while only 49 percent of the families reporting income declines made a purchase.

Over 10 percent of all families bought two or more household appliances (such as television sets, washing machines). The reported average price paid for most of these items has not changed much since 1963, with one notable exception-television sets. With the wide acceptance of color television, the number of sets purchased for \$500 or more has doubled since 1964. Such high-priced sets now account for almost 30 percent of all purchases of TV sets.

Almost half of purchasing families with incomes under \$10,000 used credit to buy durables, while only one-third of the purchasers

with incomes exceeding \$10,000 made use of installment credit, even though their average expenditure on household durables exceeded \$500. As might be expected, recently formed families and families with children most frequently bought on credit.

Families which are the most frequent buyers also own the largest number of appliances. Over 80 percent of families with incomes above \$7,500 own four or more major appliances. Only slightly more than half of the families with incomes below \$5,000 own that many.

Although high frequencies of repairs were not concentrated among low-income groups, these are the families which own the older appliances. Half of the families with incomes below \$5,000own appliances with a mean (harmonic) age of 6 or more years. For families with incomes above \$7,500, only about one-fourth own appliances with as high a mean age.

Nearly 60 percent of all families made a major expenditure (a net outlay of \$100 or more) on cars *and* household durables in 1966. In three groups, among families with incomes above \$10,000, among recent home buyers, and among young families (head under age 45) we find that more than 70 percent of the group made major expenditures on durables. Fifteen percent of all families (25 percent of those families with incomes above \$10,000) purchased both cars and household durables.

An even more comprehensive measure of consumer expenditure is total net outlay on cars, durables, and additions and repairs to the home. Over 70 percent of all families made an expenditure for at least one of these purposes in 1966, with nearly 30 percent spending in excess of \$1,000. Young, married families were the most frequent spenders as were home owning families. Over 40 percent of families which bought a house after 1963 spent over \$1,000 in 1966.

Vacation expenditures are closely related to income levels. Forty percent of all families took a vacation of 5 days or longer in 1966. However, less than 20 percent of the low-income families (under \$3,000) took such a vacation, over half of these spending less than \$200. Over 70 percent of families with incomes above \$15,000 took a vacation, about half spending more than \$500.

HIGHLIGHTS OF THE TABLES

TABLE 5-1

PURCHASES OF HOUSEHOLD DURABLES - 1962-1966

Almost one-half of all American families reported purchasing one or more items in 1966. The average expenditure, for families purchasing, was \$440, declining somewhat from previous years.

TABLE 5-2

AMOUNTS SPENT FOR HOUSEHOLD DURABLES - 1962-1966

Fifteen percent of all family units spent over \$500 on household durables both in 1966 and 1965.

TABLE 5-3

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

The proportion of lower-income families (under \$5,000) reporting the purchase of household durables has risen since 1963. Purchasing activity is highest among young (under age 45) families.

TABLE 5-4

AMOUNT SPENT ON HOUSEHOLD DURABLES WITHIN INCOME QUINTILES

Over one-half of families in the top three family income quintiles purchased household durables in 1966.

TABLE 5-5

PURCHASES OF HOUSEHOLD DURABLES - WITHIN 1966 INCOME GROUPS AND 1965-1966 INCOME CHANGE GROUPS

At all levels of income, the most active purchasers were families whose incomes had increased. Except among upper-income people, the least frequent purchasers were those families whose incomes did not change.

TABLE 5-6

QUANTITY OF APPLIANCES PURCHASED - 1966

Few low-income families purchased two or more appliances in 1966, while 20 percent of families with incomes above \$15,000 purchased two or more items.

TABLE 5-7

PURCHASES OF SPECIFIC HOUSEHOLD DURABLES, PRICES PAID, AND USE OF CREDIT - 1963-1966

During the last few years there has been a large increase in the purchase of very expensive TV sets, due to the widespread acceptance of color TV. The proportion of sets bought for \$500 or more has doubled since 1964.

TABLE 5-8

PURCHASES OF HOUSEHOLD DURABLES -WITHIN INCOME GROUPS

Large purchases (\$500 or more) are concentrated among families with \$5,000 or more in income. Purchases of two or more items are also highest for these families. Use of credit declines only for families with incomes above \$10,000.

TABLE 5-9

PURCHASES OF DURABLE GOODS -WITHIN LIFE CYCLE GROUPS

The most active purchasers are young married families; they are most likely to use credit in making their purchases. Over 70 percent of these young married families and older married families with children made a major expenditure (\$100 or more) on cars and durables in 1966.

TABLE 5-10

PURCHASES OF HOUSEHOLD DURABLES - WITHIN AGE OF FAMILY HEAD GROUPS

Credit use is more frequent among the very young. These families were the most active buyers and most often purchased two or more items.

TABLE 5-11

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

Families who purchased a new home recently (1964-1967) were the most active purchasers (almost 70 percent bought durables, 21 percent purchasing two or more items). Renters made the most frequent use of credit.

TABLE 5-12

MAJOR EXPENDITURES ON CARS AND HOUSEHOLD DURABLES

Over one-half of all families spent \$100 or more on cars and household durables in 1966. These families are concentrated in high-income families, families that purchased a home in the past 3 years, and young married families.

NET OUTLAY ON HOUSEHOLD DURABLES AND CARS

Sixteen percent of all families bought both cars and other durable goods in 1966. Thirty-two percent bought durables only, 12 percent bought cars only. Families with incomes above \$10,000 bought cars *and* durables twice as often as families with incomes under \$10,000.

TABLE 5-14

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

Over 70 percent of all families made expenditure on cars and/or durables and/or additions and repairs to their homes. Nearly 30 percent spent over \$1,000. Young married families (under 45 years old) and older families with children were the most frequent spenders. Over 75 percent of these families made expenditures of one or more of these types.

TABLE 5-15

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

Large expenditures are concentrated among families who purchased a house for owner occupancy in the last 3 years. Almost half of them spent over \$1,000.

TABLE 5-16

USE OF CREDIT FOR PURCHASES OF HOUSEHOLD DURABLES

Families with incomes above \$10,000 used credit much less frequently than all other families, even when the expenditure exceeded \$500.

HOUSEHOLD DURABLES AND VACATIONS

TABLE 5-17

APPLIANCE OWNERSHIP, REPAIR EXPERIENCE, AND AVERAGE AGE OF APPLIANCES WITHIN INCOME GROUPS

Over 80 percent of all family units own three or more large appliances (this includes families that rent rather than own their homes). Almost 80 percent own three or more appliances that have had less than two repairs in 1966. Lower-income families own older durables and own more items that have had two or more repairs.

TABLE 5-18

APPLIANCE OWNERSHIP - WITHIN HOUSING STATUS AND DURATION OF HOUSE OCCUPANCY GROUPS

Over 30 percent of home owners own five or more appliances. Only about 10 percent of the renters own five or more.

TABLE 5-19

EXPENDITURE FOR VACATIONS - WITHIN INCOME GROUPS

In 1966, 40 percent of all families took a vacation of 5 days or longer. Almost 25 percent of those taking a vacation spent \$500 or more. The proportion of families taking a vacation rises with family income.

TABLE 5-20

EXPENDITURE FOR VACATIONS WITHIN LIFE CYCLE GROUPS

Married families (head employed) with no children or with older children (youngest over 6 years old) took vacations most frequently.

PURCHASES OF HOUSEHOLD DURABLES⁴ - 1962-1966 (Percentage distribution of families)

	Pur	chases o	E househo	old dura	les
	1962	1963	1964	1965	1966
Families purchasing					
Percentage	45	42	44	46	48
Estimated number (in millions)	25.3	23.8	25.7	27.4	28.9
Expenditures					
Mean amount (buyers only)	\$420	\$450	\$450	\$480	\$440
Estimated total (in billions)	\$10.7	\$10.8	\$11.6	\$13.0	\$12.6

⁸Includes 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, non-household items (like lawn mowers), and non-appliance household items are <u>not</u> included.

^bBefore deduction of trade-in; includes amounts borrowed.

TABLE 5-2

AMOUNTS SPENT FOR HOUSEHOLD DURABLES - 1962-1966

(Percentage distribution of families)

Amount spent ^a	1962	1963	1964	1965	1966
Zero	55	58	56	54	52
\$1-99	4	4	4	4	5
\$100-199	8	7	9	8	11
\$200-299	10	9	9	9	8
\$300-499	10	9	9	10	9
\$500-749	6	6	6	7	8
\$750-999	3	3	2	3	3
\$1,000 or more	3	4	4	5	4
Amount not ascertained	1	*	1	*	*
Total	100	100	100	100	100

^{*}Less than 0.5 percent.

^aBefore deduction for trade-in; includes amount borrowed.

PURCHASES OF HOUSEHOLD DURABLES WITHIN INCOME, AGE, AND LIFE CYCLE GROUPS (Percentage distribution of families)

	Рт	oportion	that pu	rchased	
	1962	1963	1964	1965	196
Annual family income			—		
Less than \$3,000	22	23	28	26	28
\$3,000-4,999	41	33	38	35	42
\$5,000-7,499	50	49	45	46	49
\$7,500-9,999	56	52	55	58	54
\$10,000 or more	58	56	54	60	61
Age of family head					
Under age 25	46	57	63	47	61
25-34	57	56	55	62	64
35-44	53	48	55	56	58
45-54	48	47	43	48	47
55~64	37	32	31	37	39
Age 65 or older	24	19	24	26	28
Life cycle stage of family head					
Under age 45					
Unmarried	33	33	35	36	37
Married, no children	69	66	67	60	65
Married, children	56	55	59	62	63
Age 45 or older					
Married, no children	44	49	43	53	57
Married, has children	39	32	35	41	39
All families	45	42	44	46	48

Notes: The term no children, which appears frequently in this chapter, 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.

AMOUNT SPENT ON HOUSEHOLD DURABLES - WITHIN INCOME QUINTILES

(Percentage distribution of families)

		11 ilies		west ntile		cond ntile		ird ntile		urth ntile	Nin dec	th 1le		hest ile
Amount spent	1965	1966	1965	1966	1965	1966	1965	1966	1965	1966	1965	1966	1965	1966
Spent nothing	54	52	74	72	64	56	50	51	41	44	37	37	41	37
Spent	46	48	26	28	36	44	50	49	59	56	63	63	59	63
Less than \$100	4	5	7	8	5	7	4	4	4	3	1	3	2	2
\$100-199	8	11	6	10	9	12	9	10	9	12	7	11	6	6
\$200-299	9	8	6	4	7	8	12	9	11	10	10	10	6	9
\$300-399	6	5	2	3	5	5	7	6	6	6	10	8	6	7
\$400-499	5	4	1	2	4	3	6	4	7	5	7	8	5	5
\$500-749	7	8	2	1	4	5	7	8	11	11	9	12	13	17
\$750-999	3	3	1	*	1	2	3	4	5	4	8	6	5	6
\$1,000 or more	4	4	1	*	1	2	2	4	6	5	11	5	16	11
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Percent of sample	1	00		20		20		20		20		10		10
Number of cases	2,419	3,165	484	510	484	596	484	675	484	683	242	355	241	346

*Less then 0.5 percent.

			1966 family income 1966 family inco less than \$5,000 and: \$5,000-9,999 and							
	All cases	Higher than in 1965	Same As 1965	Lower than in 1965	Higher than in 1965	Same 88 1965	Lower than in 1965	Higher than in 1965	Same 88 1965	Lower than ir 1965
Total amount of purchases										
None	52	59	71	63	44	59	50	35	44	51
\$1-99	5	9	6	8	5	2	7	2	2	4
\$100-199	11	12	10	11	11	8	12	10	9	7
\$200-299	8	7	5	6	11	9	8	10	6	6
\$300-499	9	8	4	8	10	10	8	13	14	10
\$500-749	8	3	2	1	9	6	11	15	15	12
\$750 or more	7	2	2	3	10	6		15	10	10
fotal	100	100	100	100	100	100	100	100	100	100
dedian expenditures for those purchasing	\$310	\$200	\$180	\$1 9 0	\$310	\$340	\$280	\$440	\$460	\$450
Percent of sample	100	10	18	6	21	10	7	17	7	3
Number of cases	3,165	296	448	183	725	311	233	625	218	101

PURCHASES OF HOUSEHOLD DURABLES - WITHIN 1966 INCOME GROUPS AND 1965-1966 INCOME CHANGE GROUPS

TABLE 5-5

^aIncludes not ascertained cases.

^bDoes not add to 100 percent (or 3,165 cases) because those cases are omitted for which income change was not ascertained.

QUANTITY OF APPLIANCES⁴ PURCHASED - 1966 (Percentage distribution of families)

		Families	purchasing	
	Did not purchase	One item	Two or more items	Total
All families				
1965	63	26	11	100
1966	61	27	12	100
Annual family income				
Less than \$3,000				
1965	80	17	3	100
1966	78	18	4	100
\$3,000-3,999				
1965	71	21	8	100
1966	68	24	8	100
\$4,000,7,499				
1965	63	26	11	100
1966	59	28	13	100
\$7,500-9,999				
1965	54	31	15	100
1966	55	30	15	100
\$10,000-14,999				
1965	52	32	16	100
1966	52	32	16	100
\$15,000 or more				
1965	51	30	19	100
1966	48	31	21	100

^aIncludes 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, humidifier, and de-humidifier.

TABLE 5-7 (Sheet 1 of 2)

PURCHASES OF SPECIFIC HOUSEHOLD DURABLES, PRICES FAID, AND USE OF CREDIT - 1963-1966

(Percentage distribution of purchases)

		Telev	ision			Refri	gerato	r	1	ashin	g mach;	ine
	1963	1964	1965	1966	1963	19 6 4	1965	1966	1963	1964	1965	1966
Ratio of purchases											_	
to families"	13	1 2	15	17	7	7	7	9	9	9	9	8
Total price paid												
\$1-99	12	13	11	12	17	12	11	19	14	8	12	16
\$100-199	35	42	34	36	13	15	10	11	30	29	32	38
\$200-249	16	16	10	8	12	15	16	16	25	39	27	27
\$250-299	14	7	4	4	25	18	24	19	14	14	17	11
\$300-399	7	5	8	5	21	25	28	24	11	7	8	5
\$400-499	5	3	10	7	6	9	8	6	4	2	2	3
\$500 or more	10	13	22	28	6	5	3	5	1	1	2	*
Not ascertained	_1	1	1	*	*	1	*	*	1	_*	*	_*
Total	100	100	100	100	100	100	100	100	100	100	100	100
Mean total price	\$250	\$240	\$310	\$310	\$250	\$260	\$260	\$250	\$210	\$210	\$21 0	\$190
Proportion of purchases involving:												
Credit	45		42	37	38		37	36	48		41	41
Cash only	55	b	58	63	62	Ъ	63	64		ь	<u>_59</u>	59
Total	100		100	100	100		100	100	100		100	100
Number of cases	193	165	376	583	110	101	182	295	135	122	224	276

* Less than 0.5 percent.

^aExceeds the proportion of families making a purchase only by the number of families that bought two or more units of the item in question. b Not available.

TABLE 5-7 (Sheet 2 of 2)

PURCHASES OF SPECIFIC HOUSEHOLD DURABLES, PRICES PAID, AND USE OF CREDIT - 1963-1966

	Cookin	ig rang	je		Furni	curec	
1963	1964	1965	1966	1963	1964	1965	1966

	1963	1964	1965	1966	1963	1964	1965	1966	1963	1964	1965	<u>1966</u>
Ratio of purchases												
to families"	6	6	5	6	18	17	18	18	4	6	7	8
Total price paid												
\$1-99	29	18	19	23	15	14	12	16	13	6	8	11
\$100-199	25	38	31	37	23	21	19	21	38	51	53	50
\$200-249	28	19	24	18	10	10	12	9	18	22	22	19
\$250-299	8	7	9	9	5	6	7	7	10	7	10	11
\$300-399	8	9	8	9	10	10	12	11	13	7	5	8
\$400-499	1	4	6	2	8	9	7	7	5	4	1	1
\$500 or more	1	5	3	2	28	29	31	29	2	3	1	*
Not ascertained	*	*	*	*	1	1	*	*	1	*	*	*
Total	100	100	100	100	100	100	100	100	100	100	100	100
Mean total price	\$170	\$190	\$200	\$180	\$450	\$470	\$500	\$430	\$220	\$200	\$180	\$180
Proportion of purchases involving:												
Credit	40		37	32	44		37	41			25	31
Cash only	60	ь	63	68	56	ь	63	59	ъ	Ъ	75	69
Total	100		100	100	100		100	100			100	100
Number of cases	92	82	118	214	282	225	443	608	61	82	170	278

^aExceeds the proportion of families making a purchase only by the number of families that bought two or more units of the item in question.

^bNot available.

^CThe reference here is not to specific purchases, but rather to all furniture bought during the year.

^dClothes dryers, dishwashers, air conditioners.

Other major appliance

10/0

PURCHASES OF HOUSEHOLD DURABLES - WITHIN INCOME GROUPS (Percentage distribution of families)

5,000 more
37
63
1
6
9
13
17
6
11
.00
21
21
\$690
\$540
75
9
300
\$6

*Less than 0.5 percent.

⁸Before deduction of trade-in; includes amount borrowed.

^bRefers to specific household appliances (see footnote to Table 5-6).

^CBased only on families making a purchase; includes purchases of all durables. ^dA major expenditure is defined as a net outlay (price minus trade in) of \$100 or more.

PURCHASES OF DURABLE GOODS - WITHIN LIFE CYCLE GROUPS (Percentage distribution of families)

				Under rge 45	_			45 or old			Any age
		Unmarried		Married			Married		Unmar		Ünmarried
				Youngest	Youngest		No chi Head in	ldren	No chi Head in		
	All families	No children	No children	childunder	child age 6 or older	Hes children	labor	Head retired	labor	Head	Has children
Did not purchase in 1966	52	63	35	33	36	43	57	66	71	83	50
Purchased in 1966	48	37	65	67	64	57	43	34	29	17	50
Spent ^a											
Less than \$100 \$100-199	5 11	9 11	7 13	6 14	4 13	4 10	3 9	3 7	5 6	5	8 13
\$200~299	8	4	8 11	11 13	13 12	13	6	5	5	2	13
\$300-499 \$500-749	9 8	6 4	9	11	12	12 10	9	10 6	4	2 *	5 6
\$750-999 \$1,000 or more	3	2	6 10	4 8	5	4	3	1 2	2	1	3
Total	100	100	100	100	100	100	100	100	100	100	100
Percent purchasing two											
or more appliances	12	5	20	21	16	17	10	5	5	2	12
Percent using credit	43	56	52	56	44	44	26	21	25	24	61
Median amount spent	\$310	\$190	\$370	\$340	\$320	\$330	\$370	\$340	\$270	\$150	\$230
Percent making a major expenditure on cars	56	46	73	74	74	70	56	4.9	33	13	56
and durables ^d		••			• •		-	42		-	
Percent of sample	100	6	5	20	9	12	16	10	7	10	5
Number of cases	3,165	198	188	734	343	425	491	194	217	191	184

*Less than 0.5 percent. aBefore deduction of trade-in; includes amount borrowed. Refers only to specific household appliances (see footnote to Table 5-6). Based only on families making a purchase; includes purchases of all durables. A major expenditure is defined as a net outlay (price minus trade-in) of \$100 or more.

	(rero	encage ofst	Fibution of	. Lamilles)				
					ge of famil	ly head		
	All families	18-24	25-34	35-44	45-54	55-64	65-74	75 or older
Did not purchase in 1966	52	39	36	42	53	61	70	75
Purchased in 1966	48	61	64	58	47	39	30	25
Spent ^a								
Less chan \$100 \$100-199 \$200-299 \$300-499 \$500-749 \$750-999 \$1,000 or more	5 11 8 9 8 3 4	10 12 9 10 8 4 8	8 13 10 11 10 5 7	4 13 11 11 10 5 4	3 9 8 10 9 -4 4	5 7 8 9 6 2 2	3 8 6 7 1 1	4 10 3 6 * 1 1
Total	100	100	100	100	100	100	100	100
Percent purchasing two or more items	12	22	18	14	12	9	5	2
Percent using credit ^C	43	60	56	43	42	29	18	24
Median amount spent ^C	\$310	\$300	\$310	\$320	\$370	\$290	\$300	\$190
Percent making a major ^d expenditure on cars and durables	56	67	68	69	61	49	33	25
Percent of sample	100	7	18	19	19	16	13	8
Number of cases	3,165	231	654	707	724	461	237	151

PURCHASES OF HOUSEHOLD DURABLES - WITHIN AGE OF FAMILY HEAD GROUPS (Percentage distribution of families)

TABLE 5-10

Less than 0.5 percent.

Less than 0.5 percent. Before deduction of trade in; includes amount borrowed. Refers to specific household appliances (see footnote to Table 5-6). Based only on families making a purchase; includes purchases of all durables. A major expenditure is defined as a net outlay (price minus trade-in) of \$100 or more.

			Housi	ng status ar	d duration o	f house occupand	cy
		Primary	owners	Primary	renters	Primaries	
	All families	Bought 1964-67	Bought prior to 1964	Moved in 1964-67	Moved in prior to 1964	Neither own nor rent	Unrelated secondaries
Did not purchase in 1966	52	34	54	47	67	47	76
Purchased in 1966 Spent	48	66	46	53	33	53	24
Less than \$100 \$100-199 \$200-299 \$300-499 \$500-749 \$750-999 \$1,000 or more	5 11 8 9 8 3 4	3 11 10 15 13 4 10	4 9 8 10 8 4 3	9 12 9 7 6 4 6	5 9 5 6 5 2 1	4 19 6 9 10 4 1	9 9 2 * 4 *
Total	100	100	100	100	100	100	100
Percent purchasing two or more items	12	21	11	14	6	10	2
Percent using credit ^C	43	45	33	58	50	45	55
Median amount spent ^c	\$310	\$410	\$330	\$260	\$250	\$250	\$140
Percent making a major expenditure on cars and durables	56	75	56	57	39	56	24
Percent of sample	100	12	50	21	11	4	2
Number of cases	3,165	431	1,505	728	332	123	46

PURCHASES OF HOUSEHOLD DURABLES - WITHIN HOUSING STATUS AND DURATION OF HOUSE OCCUPANCY GROUPS (Percentage distribution of families)

TABLE 5-11

Less than 0.5 percent.

Before deduction of trade in; includes amount borrowed. Refers to specific appliances (see footnote to Table 5-6).

Based only on families making a purchase; includes purchases of all durables. A major expenditure is defined as a net outlay (price minus trade-in) of \$100 or more.

	Proportion making a m	ajor expenditure
	1965	1966
All families	56	56
Annual family income		
Less then \$3,000	26	26
\$3,000-4,999	44	49
\$5,000-7,499	62	56
\$7,500-9,999	67	67
\$10,000-14,999	76	72
\$15,000 or more	70	75
Housing status and duration		
Primary owner		
Bought in 1964-67	77	75
Bought prior to 1964	56	56
Primary renter		
Moved in 1964-67	56	57
Moved prior to 1964	44	39
Other ^b	39	45
Life cycle stage of family head		
Under age 45		
Unmarried, no children,	40	4 6
Married, no children	72	73
Married, youngest child under age 6	73	74
Married, youngest child age 6 or older	73	74
Age 45 or older		
Unmærried, no children, head in læbor force	36	33
Unmarried, no children, head retired	21	13
Married, no children, head in labor force	54	56
Married, no children, head retired	47,	42
Married, has children	65	70
Апу аде		
Unmarried, has children	45	56

TABLE 5-12 MAJOR EXPENDITURES⁴ ON CARS AND HOUSEHOLD DURABLES (Percentage distribution of families)

^aA major expenditure is defined as a total net outlay (price minus trade-in) of at least \$100 on cars and durables in 1966. Primaries who neither own a house nor rent and all unrelated secondary units.

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NET OUTLAY ON HOUSEHOLD DURABLES AND CARS (Percentage distribution of families)

				Inc	ome	
Net outlay ^a on cars	All families		Less than \$10,000		\$10,000 or more	
and durable goods	1965	1966	1965	1966	1965	<u>1966</u>
No net outlay	40	40	45	46	25	25
Net outlay on:						
Cars only	14	12	14	11	15	14
Durable goods only	31	32	29	30	34	36
Cars and dursble goods	15	16	12	13	26	25
Total	100	100	100	100	100	100
Fercent of sample	100	100	73	73	27	27

^aNet outlay is defined as total price minus trade-in allowance.

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

(Percentage	distribution	o£	families)	ŧ.
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			Unde	т аде 45			Ag	e 45 or	older		Any age
		Unmarried Married				Married			Unmarried		Unmarried
							No chi	ldren	No chi	ldren	
Total net outlay on cars, household durables, and additions and repairs	All families	No children	No children	Youngest child under ege 6	Youngest child age 6 or older	Hes children	Head in labor force	Head retired	Head in labor force	Head	Has children
None	27	43	15	13	11	14	24	3 5	45	61	33
\$1-499	31	27	27	32	31	33	27	37	32	32	37
\$500-999	14	8	19	20	21	15	12	8	10	5	14
\$1,000-1,999	12	9	17	18	11	14	17	7	5	L	5
\$2,000-2,999	8	9	12	9	13	9	9	8	4	1	9
\$3,000 or more	8	4	10	8	13	13	11	5	4	*	2
Total	100	100	100	100	100	100	100	100	100	100	100
Percent of sample	100	6	5	20	9	12	16	10	7	10	5
Number of cases	3,165	198	188	734	343	425	491	194	217	191	184

*Less than 0.5 percent.

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		Primary owners			renters		
	All families	Bought 1964-67	Bought prior to 1964	Moved in 1964-67	Moved in prior to 1964	Others	
None	27	10	22	33	45	46	
\$1-499	31	26	32	34	35	26	
\$500-999	14	20	15	13	8	10	
\$1,000-1,999	12	19	12	9	5	9	
\$2,000~2,999	8	11	9	7	4	5	
\$3,000 or more	8	14	10	4	3	4	
Total	100	100	100	100	100	100	
Percent of sample	100	12	50	21	11	6	
Number of cases	3,165	431	1,505	728	332	169	

*Includes primaries who neither own nor rent and unrelated secondaries.

USE OF CREDIT FOR PURCHASES OF HOUSEHOLD DURABLES (Proportion of all purchasers using credit in the various income and net outlay groups)

	A11	Net outlay on durable goods					
nual family income	purchasers	\$1-199	\$200-499	\$500 or more			
Less than \$3,000	49	48	49	a			
\$3,000-4;999	49	38	54	65			
\$5,000-7,499	49	39	54	56			
\$7,500-9,999	46	24	54	57			
\$10,000 or more	33	24	30	39			
All purchasers	43	35	45	48			

 $^{\mathbf{a}}$ Too few cases. All other proportions based on 100 or more observations.

The table reads: among purchasers with incomes under \$3,000 and a net outlay on durable goods of under \$200, 48 percent bought on credit.

TABLE 5-17 (Sheet 1 of 2)

APPLIANCE OWNERSHIP, REPAIR EXPERIENCE, AND AVERAGE AGE OF APPLIANCES -WITHIN INCOME GROUPS (Percentage distribution of families)

		Annual family income							
	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		
Number of appliances ^a owned			<u> </u>						
None	5	9	6	7	2	1	2		
One	7	9	11	10	5	4	3		
Two	6	9	7	6	5	2	4		
Three	15	22	20	16	12	9	6		
Four	42	42	45	41	44	44	38		
Five or more	25	9	11	20	32	40	47		
otal	100	100	100	100	100	100	100		
umber of appliances ⁸ owned ith le ss than two repairs									
Own no appliances	5	9	6	7	2	1	2		
None; all had two or more repairs	1	1	2	2	*	*	*		
One	8	10	10	10	6	5	4		
Тию	9	13	13	8	8	4	6		
Three	22	26	26	23	21	19	17		
Four	37	35	35	34	40	41	35		
Five or more	18	6	8	16	23	30	36		
otal	100	100	100	100	100	100	100		

* Less than 0.5 percent. ^aIncludes TV, refrigerator, washing machine, cooking range, and sir conditioner only; some families own two or more of these appliances.

TABLE 5-17 (Sheet 2 of 2)

APPLIANCE OWNERSHIP, REPAIR EXPERIENCE, AND AVERAGE AGE OF APPLIANCES -WITHIN INCOME GROUPS

(Percentage	distríbution	٥f	families)	}
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				Annual fa	mily incom	le	
Average age ^b of appliances ^a	All families	Less than \$3,000	\$3,000 -4,999	\$ 5, 000 -7 ,49 9	\$7,500 -9,999	\$10,000 -14,999	\$15,000 or more
Own none	5	9	6	7	2	1	2
1.0 - 1.9 years	10	6	11	12	11	9	10
2.0 - 2.9 years	18	11	13	20	19	25	26
3.0 - 3.9 years	13	8	9	14	17	16	17
4.0 - 4.9 years	11	6	10	11	14	12	16
5.0 - 5.9 years	10	9	11	9	11	10	10
6.0 - 6.9 years	9	11	10	7	9	11	7
7.0 - 7.9 years	6	8	7	5	5	5	5
8 or more years	18	32	23	15	12	11	7
Fotal	100	100	100	100	100	100	100
Percent of sample	100	19	15	20	18	19	9
Number of cases	3,165	492	441	672	607	653	300

^aIncludes TV, refrigerator, washing machine, cooking range, and air conditioner only; some families own two or more of these appliances.

^bThe harmonic mean of the reported ages. 1966 purchases were counted as one year old.

APPLIANCE OWNERSHIP - WITHIN HOUSING STATUS AND DURATION OF HOUSE OCCUPANCY GROUPS

(Percentage distribution of families)

Number of appliances ^a owned		Primary		status and du Primary :		Primaries	
	All families	Bought 1964-67	Bought prior to 1964	Moved in 1964-67	Moved in prior to 1964	Neither own nor rent	Unrelated secondaries
None	5	1	l	11	5	4	61
One	7	1	*	22	16	4	28
Two	б	3	2	14	12	8	7
Three	15	14	11	18	24	26	2
Four	42	49	53	25	31	40	2
five or more	25	32	33	10	12	18	*
Total	100	100	100	100	100	100	100
Percent of sample	100	12	50	21	11	4	2
Number of cases	3,165	431	1,505	728	332	123	46

^a Includes TV, refrigerator, washing machine, cooking range, and air conditioner only; some families own two of one or more of these appliances.

TABLE	5-19
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EXPENDITURE FOR VACATIONS - WITHIN INCOME GROUPS

(Percentage distribution of families)

				Annual fam	ily income		
Expenditure [®] 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
None; took no vacation	60	82	73	64	52	43	27
\$1-99	7	8	8	7	8	8	3
\$100-199	8	3	6	9	12	12	8
\$200-299	7	2	5	5	10	10	10
\$300-399	5	2	3	4	7	8	11
\$400-499	3	1	1	3	2	5	5
\$500-749	5	l	2	4	5	6	13
\$750-999	1	*	*	1	1	2	3
\$1,000 or more	3	*	1	2	2	5	18
Not ascertained		1	1		1	1	_2
Total	100	100	100	100	100	100	100
Percent of sample	100	19	15	20	18	19	9
Number of cases	3,165	492	441	672	607	653	300

*Less than 0.5 percent.

⁸The 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?"

EXPENDITURE FOR VACATIONS - WITHIN LIFE CYCLE GROUPS (Percentage distribution of families)

			Und	er age 45			Age	45 or old	ler		Any age
		Unmarried		Married			Married		Unmar	ried	Unmarried
						_	No children		No children		_
Expenditure ^a All for vacations families	All families	No children	No children		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	60	52	45	61	50	56	55	64	59	79	77
\$1-99	7	12	10	8	7	7	5	6	5	9	6
\$100-199	8	9	12	9	12	8	8	5	9	6	3
\$200-299	7	7	6	8	10	9	8	6	6	*	4
\$300-399	5	7	7	5	8	5	6	4	4	2	4
\$400-499	3	2	5	z	3	4	3	2	1	1	1
\$500-749	5	6	6	4	5	5	5	6	6	1	3
\$750-999	1	1	2	1	1	1	2	1	3	*	1
\$1,000 or more	3	4	6	2	3	4	6	3	4	1	1
Not ascertained	_1	_0	1	_0	_1	_1	2	3	3	_1	0
Total	100	100	100	100	100	100	100	100	100	100	100
Percent of sample	100	6	5	20	9	12	16	10	7	10	5
Number of cases	3,165	198	188	734	343	425	491	194	217	191	184

*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?"

6

FINANCIAL ASSETS AND LIFE INSURANCE

Highlights

THE proportion of American families owning *life insur*ance has remained relatively constant during the last several years. In early 1967, 79 percent of all families owned life insurance. Almost all families with incomes of \$10,000 or more continue to own life insurance. Slightly over one-third of the families were insured at \$10,000 or more in 1967.

In these studies a single question was used to determine whether or not a family owns life insurance. It is known that the proportion of families with life insurance is found to be somewhat higher when several questions are asked and thus survey respondents are reminded of different kinds of possible insurance coverage. Yet, irrespective of the method of inquiry, there emerges a picture of general stability in the overall percentage of families owning life insurance.

The percentage of families having savings accounts continued to increase, as did the proportion with checking accounts. In early 1967, 61 percent of the families had savings accounts and 68 percent had checking accounts, compared to 57 percent and 67 percent respectively in 1965. The proportion of families with savings accounts of \$500 or more increased from 38 percent in 1965 to 43 percent in 1967. The percentage of families with checking accounts of \$500 or more remained the same.

Many debtor families have savings accounts which are equal to or greater than their debt. Of families with over \$1,000 installment debt, approximately 20 percent have savings accounts of \$1,000 or more. Although stock ownership grew considerably over the last few years, stockholdings are still highly concentrated. In 1967, 23 percent of all families owned stock compared to 16 percent in 1962. Only 6 percent of all families estimate that the value of their stockholdings exceeds \$10,000 (9 percent that it exceeds \$5,000). Only among upper-income people are large stockholdings common.

The proportion of all families owning bonds (mainly government bonds) has remained constant since 1965; 24 percent of all families owned bonds in 1965 compared to 25 percent in 1967.

As in previous years, the value of asset holdings increases with age, although the relation is not as strong as that between assets and income.

HIGHLIGHTS OF THE TABLES

TABLE 6-1

LIFE INSURANCE OWNERSHIP

Ownership increases with income. The proportion of insured families did not grow over the last 10 years.

TABLE 6-2

AMOUNT OF LIFE INSURANCE OWNED PER FAMILY

Over three-quarters of those families with incomes of \$15,000 or more had life insurance valued at over \$10,000 in early 1967.

TABLE 6-3

SAVINGS AND CHECKING ACCOUNTS

The proportion of all families with no savings accounts continues to decline, as does the proportion without checking accounts. The median value of savings accounts continues to move upward, while that of checking accounts remained constant.

AMOUNTS HELD IN CHECKING ACCOUNTS - 1967

There continues to be a strong relationship between the level of income and the size of checking accounts.

TABLE 6-5

AMOUNTS HELD IN SAVINGS ACCOUNTS - 1967

The relationship between income and the size of savings accounts is much more pronounced than between income and checking accounts. Almost two-thirds (62 percent) of families with incomes of less than \$3,000 had no savings at all in 1967, while 60 percent of families with incomes of \$15,000 or more had more than \$6,000 in their savings accounts.

TABLE 6-6

STOCK OWNERSHIP AND VALUE OF STOCKHOLDINGS

The proportion of families owning stock continued to increase. Both small and medium-sized stockholdings have become more frequent during the last 5 years.

According to Survey of Consumer Finances data, approximately 14 million families owned common stock early in 1967. This finding is in accord with the finding by the New York Stock Exchange that about 22 million individuals owned stock at that time, because ownership by both husband and wife is frequent.

TABLE 6-7

VALUE OF STOCK OWNED - 1967

Although the proportion of families whose head is under age 45 that own stock is about the same as that for families where the head is over age 45, the value of stocks owned by the latter group is greater.

VALUE OF BONDS OWNED - 1967

Since most personal bond holdings consist of government savings bonds, the relationship between family income and bond ownership is less pronounced than the relationship between any of the other assets considered here. The value of bonds owned is not large; except for families with incomes of \$15,000 or more, the majority of holdings is less than \$1,000.

LIFE INSURANCE OWNERSHIP

	Percen	t who own	life ins	uran <u>ce</u>
	1954	1960	1964	1963
All families	82	79	75	79
Annual family income				
Less than \$3,000	59	50	46	50
\$3,000-4,999	87	78	68	69
\$5,000-7,499	95	90	84	81
\$7,500~9,999	95	94	88	92
\$10,000-14,999	95	96	94	97
\$15,000 or more	95	92	97	95
Age of family head				
Under age 25	75	71	67	73
25-34	89	82	80	86
35-44	88	84	84	89
45-54	86	85	84	85
55-64	79	79	74	81
65-74	56	58	56	65
Life cycle stage of family head				
Under age 45				
Unmarried, no children	76	68	59	77
Married, no children Married, youngest child	85	85	80	86
under age 6 Married, youngest child	89	85	85	88
age 6 or older	91	90	88	93
Age 45 or older				
Unmarried, no children,	()	70	60	76
head in labor force	60	72	69	75
Unmarried, no children,		47	/ -	,.
head retired	2	47	45	48
Married, no children,		~ ~ ~		<u>^-</u>
head in labor force	80	86	84	85
Married, no children,			<i>.</i>	
head retired	8	69	61	70
Married, has children	84	85	83	87
Any age				
Unmarried, has children	79	58	56	65

^aData not available.

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The question asked was "Do you carry any life insurance?"

Notes: The term no children, appearing frequently in this chapter 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 6-2 (Sheet 1 of 2)

AMOUNT OF LIFE INSURANCE OWNED PER FAMILY⁸

(Percentage distribution of families)

	None	Less than \$1,000	\$1,000 -4,999	\$5,000 -9,999	\$10,000 -49,999	\$50,000 or more	Don't know	Total	Number of cases
All families	21	7	20	17	30	4	1	100	3,165
Annual family income									
Less than \$3,000	50	6	22	5	4	*	2	100	492
\$3,000-4,999	31	2	30	17	10	*	1	100	441
\$5,000-7,499	19	*	26	22	28	1	1	100	672
\$7,500-9,999	8	1	18	26	42	2	*	100	607
\$10,000-14,999	3	*	12	21	54	7	L	100	653
\$15,000 or more	5	*	4	7	57	25	1	100	300
Age of family head									
Under age 25	27	4	17	21	29	1	1	100	231
25-34	14	3	15	18	44	5	1	100	654
35-44	11	5	14	17	45	8	*	100	707
45-54	15	6	18	21	35	4	L	100	724
55-64	19	8	28	19	21	4	1	100	461
65-74	35	12	28	11	12	1	1	100	237
Age 75 or older	48	14	24	9	3		2	100	151

*Less than 0.5 percent. ^aThe respondent was shown a card with amounts of insurance carried grouped in the same manner as in this table, and was

.

TABLE 6-2 (Sheet 2 of 2)

AMOUNT OF LIFE INSURANCE OWNED PER FAMILY^a

(Percentage distribution of families)

		Life insurance owned							
Life cycle stage of family head	None	Less than \$1,000	\$1,000 -4,999	\$5,000 -9,999 -	\$10,000 -49,999	\$50,000 or more	Don't know	Total	Number of cases
Under age 45									-
Unmarried, no children	23	2	18	22	27	3	1	100	198
Married, no children	14	1	12	18	50	2	1	100	188
Married, youngest child under age 6	17	1	13	19	45	7	1	100	734
Married, youngest child age 6 or older	7	1	13	16	51	9	*	100	343
Age 45 or older									
Unmarried, no children, head in labor force	25	1	35	17	9	1	L	100	217
Unmarried, no children, head retired	52	9	22	4	L	*	2	100	191
Married, no children, head in labor force	15	1	21	21	31	5	1	100	491
Married, no children, head retired	30	1	33	14	13	1	1	100	194
Married, has children	13	*	16	20	41	5	1	100	425
Any age									
Unmarried, has children	35	3	24	15	13	2	1	100	184

*Less than 0.5 percent.

^aSee sheet 1 of this table for definition of this footnote.

SAVINGS AND CHECKING ACCOUNTS

(Percentage distribution of family units^a)

		٨ver	age					
	1947- 1949	1951- 1953	1955- 1957	195 8- 1960	1963 ^b	1963	1965	1967
Savings accounts								
None	5 8	55	51	49	46	44	43	39
\$1-499	20	20	20	21	18	18	19	18
\$500-1,999	14	14	15	15	15	16	15	43 ^c
\$2,000 or more	8	11	14	15	21	22	23	43-
Total	100	100	100	100	100	100	100	100
Median	670	820	1,000	1,000	1	.,490 J	L,500 1	,610
Checking accounts								
None	62	58	50	45	41	38	33	32
\$1-499	22	25	33	38	41	42	44	45
\$500-1,999	11	12	13	13	14	15	17	C
\$2,000 or more	5	5	4	4	4	5	6	23
Total	100	100	100	100	100	100	100	100
Median	450	410	390	370		380	390	390

^aPercentage distribution of spending units prior to 1963.

^bFor 1963 two distributions are presented, the first on the spending unit basis, and the second on the family unit basis.

^CComparable groupings are not available for the 1967 data. See Table 6-4 and Table 6-5 for the 1967 groupings and distributions.

The questions asked were "Do you have any savings accounts in banks, savings and loan associations, or credit unions? About how much do you have altogether in these savings accounts? Do you have any checking accounts? About how much do you usually have in them?"

AMOUNTS HELD IN CHECKING ACCOUNTS - 1967

(Percentage distribution of income, age, and education groups)

		Chec	king s	ccounts			
	None	Less then \$500	\$500 -999	\$1,000	\$5,000 or more	Total	
All families	33	45	13	8	1	100	
Total family income, 1966							
Less than \$3,000	60	28	8	4	*	100	
\$3,000-4,999	44	36	11	7	2	100	
\$5,000-7,499	33	50	9	7	1	100	
\$7,500-9,999	27	52	14	7	*	100	
\$10,000-14,999	12	59	17	9	3	100	
\$15,000 or more	4	38	25	24	9	100	
Age of family head							
Under age 25	32	62	4	2	*	100	
25-34	29	60	8	2	L	100	
35-44	29	50	13	7	1	100	
45-54	30	43	16	9	2	100	
55-64	32	34	17	14	3	100	
65-74	38	31	14	14	3	100	
Age 75 or older	46	29	14	8	3	100	
Education of family head							
0-5 grades	76	16	3	4	1	100	
6-8 grades	48	31	13	8	*	100	
9-11 grades; some high school plus noncollege	39	42	10	7	2	100	
12 grades (completed high school)	27	52	12	8	1	100	
Completed high school, plus noncollege training	20	56	14	8	2	100	
College, no degree	13	59	17	9	2	100	
College, bachelor's degree	6	60	19	13	2	100	
College, advanced degree	3	53	24	16	4	100	

*Less than 0.5 percent.

TABLE	6-5
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(Percentage distri	bution	of various	family	groups)		
	·	Savi	ngs ac	counts		
	None	Less than \$500	\$500 -999	\$1,000 4,999	\$5,000 or more	Total
All families	39	18	10	17	16	100
Total family income, 1966						
Less than \$3,000	62	11	7	11	9	100
\$3,000-4,999	48	17	8	12	15	100
\$5,000-7,499	40	23	10	15	12	100
\$7,500-9,999	32	24	11	19	14	100
\$10,000-14,999	21	21	12	25	21	100
\$15,000 or more	19	11	10	23	37	100
Total installment debt						
None	33	12	9	21	25	100
\$1-99	56	18	7	11	8	100
\$100-199	52	24	9	10	5	100
\$200-499	50	22	10	12	6	100
\$500-999	50	23	10	10	7	100
\$1,000-1,999	39	29	11	15	6	100
\$2,000-2,999	36	33	11	15	5 4	100
\$3,000 or more	42	30	11	13	4	100
Age of family head			• •	-	2	100
Under age 25	44	32	14	8		100 100
25-34	40 40	30 22	11 11	14 17	5 10	100
35-44	40	16	9	21	14	100
45-54		-	7	20	27	/ 100
55-64 65-74	33 38	13 6	7	20	29	100
Age 75 or older	44	7	9	13	27	100
Life cycle stage of family head						
Under age 45						
Unmarried, no children	41	27	11	14	7	100
Married, no children	35	22	12	24	7	100
Married, youngest child		_				
under age 6	41	28	12	12	7	100
Married, youngest child age 6 or older	33	29	13	16	9	100
J		27		••		
Age 45 or older						
Unmarried, no children, head in labor force	28	14	11	20	27	100
Unmarried, no children,		_	_		10	
head retired	48	8	9	16	19	100
Married, no children, head in labor force	33	11	8	21	27	100
Married, no children, head retired	34	9	6	17	34	100
Married, has children	43	17	7	21	12	100
Any age						
Unmarried, has children	61	18	5	11	5	100

AMOUNTS HELD IN SAVINGS ACCOUNTS - 1967 (Percentage distribution of various family groups)

STOCK OWNERSHIP AND VALUE OF STOCKHOLDINGS (Percentage distribution)

	All families							
	1962	1963	1964	1967				
Own stock ^a	16	18	19	23				
Stock value								
Less than \$500	3	4	4	5				
\$500-999	1	2	2	3				
\$1,000-4,999	5	5	6	6				
\$5,000 or more	7	7	7	9				

	Annual family income											
	Less than \$3,000				\$3,000-4,999				\$5,000-7,499			
Stock value	1962	1963	1964	1967	1962	1963	1964	1967	1962	<u>1963</u>	1964	1967
Less than \$500	l	2	ι	2	2	3	2	3	3	2	4	6
\$500-999	1	1	1	2	1	2	1	2	2	1	2	3
\$1,000-4,999	1	*	1	2	2	4	4	3	4	5	5	4
\$5,000 or more	2	2	2	2	4	2	4	4	4	3	4	5

	\$7,500-9,999				\$10,000-14,999				\$15,000 or more			
Stock value	1962	1963	1964	1967	1962	1963	1964	1967	1962	1963	1964	1967
Less than \$500	4	6	8	7	4	11	5	5	4	4	3	3
\$500-999	2	1	4	3	б	4	4	7	1	1	4	3
\$1,000-4,999	8	7	10	7	13	10	13	12	18	12	12	13
\$5,000 or more	7	7	5	7	15	12	13	12	44	48	38	38

*Less than 0.5 percent.

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^aIncludes public and privately traded stock.

The questions asked were "Do you own any common or preferred stock in a corporation, including companies you have worked for, or own stock through an investment club, or own shares of a mutual fund? About how much are these stocks worth?"

	Stock ownership							
	None	Less than \$500	\$500 -999	\$1,000 -4,999	\$5,000 -9,999	\$10,000 or more	Total	
All families	77	5	3	6	3	6	100	
Total installment debt								
None	72	4	3	8	4	9	100	
\$1-199	86	4	2	4	2	2	100	
\$200-499	82	6	3	5	3	1	100	
\$500-999	83	6	2	6	1	2	100	
\$1,000-1,999	83	5	3	5	2	2	100	
\$2,000 or more	81	5	4	6	2	2	100	
Age of family head								
Under age 25	84	9	2	4	*	1	100	
25-34	79	7	3	6	3	2	100	
35-44	72	6	3	10	5	4	100	
45-54	77	4	3	6	4	6	100	
55-64	75	2	4	7	3	9	100	
65-74	78	3	2	4	3	10	100	
Age 75 or older	77	3	3	5	2	10	100	
Life cycle stage of family head								
Under age 45								
Unmarried, no children	78	8	4	7	2	1	100	
Married, no children	80	6	1	7	2	4	100	
Married, youngest child under age 6		-					100	
Married, youngest child	76	7	3	8	4	2	100	
age 6 or older	73	4	3	9	5	6	100	
Age 45 or older								
Unmarried, no children, head in labor force	80	4	4	4	3	5	100	
Unmarried, no children, head retired	83	2	2	4	2	7	100	
Married, no children, head in labor force	70	3	3	8	5	11	100	
Married, no children, head retired	76	2	3	-	~ ~	10	100	
Married, has children	70 77	2	د 3	5 6	2 4	12 6	100 100	
Any age		7	5	Ŭ	4	U	100	
Unmarried, has children	92	4	1	2	*	1	100	

TABLE 6-7 VALUE OF STOCK OWNED - 1967 (Percentage distribution of various groups)

*Less than 0.5 percent.

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	Bond ownership						
	None	Less than \$500	\$500 -999	\$1,000 4,999	\$5,000 or more	Total	
All families	75	11	4	6	4	100	
Total family income, 1966							
Less than \$3,000	9 0	3	2	4	1	100	
\$3,000-4,999	83	6	3	5	3	100	
\$5,000-7,499	79	12	4	2	3	100	
\$7,500-9,999	72	17	3	4	4	100	
\$10,000-14,999	61	18	7	10	4	100	
\$15,000 or more	60	12	7	15	6	100	
Age of family head							
Under age 25	76	18	3	2	l	100	
25-34	75	18	3	3	L	100	
35-44	72	15	5	7	ι	100	
45-54	73	13	5	7	2	100	
55-64	72	6	5	10	7	100	
65-74	80	1	2	7	10	100	
Age 75 or older	88	1	3	4	4	100	
Life cycle stage of family head							
Under age 45							
Unmarried, no children	81	13	3	1	2	100	
Married, no children	78	14	2	4	Z	100	
Married, youngest child under age 6	71	19	5	5	1	100	
Married, youngest child age 6 or older	70	18	6	5	1	100	
Age 45 or older							
Unmarried, no children, head in labor force	76	6	4	9	5	100	
Unmarried, no children, head retired	83	2	4	5	6	100	
Married, no children, head in labor force	72	10	5	8	5	100	
Married, no children, head retired	82	1	l	5	11	100	
Married, has children	73	12	5	8	2	100	
Any age							
Unmarried, has children	82	13	1	3	1	100	

TABLE 6-8 VALUE OF BONDS OWNED - 1967 (Percentage distribution of families)

The question asked was "Do you have any government savings bonds, corporate or municipal bonds?"

PART TWO

ATTITUDES AND EXPECTATIONS

7

ATTITUDES TOWARD DEBT

CONSUMER attitudes toward buying on the installment plan are somewhat less favorable than a few years ago. Yet still today the majority of people expressing an opinion believe that buying on time is a good idea. Very many people think that there is no other way to purchase many important things than to pay for them while using them. A sizable proportion of Americans say, however, that credit encourages overspending and that credit is expensive. The majority of family heads-including educated people-either do not know how large the interest charges are or greatly underesti-Buyers of durable goods appear to be conmate these charges. cerned primarily with the amount of their monthly payments (which they do know) rather than with the cost of borrowing. A variety of data on attitudes toward debt collected in the 1967 Survey of Consumer Finances suggest the conclusion that small increases in interest charges -- interest representing only a part of the cost of borrowing-do not inhibit purchasing of durable goods on the installment plan.

Reasons for Approval or Disapproval of Buying on Credit

When asked whether they felt that it is a good or a bad idea to buy on the installment plan, about half of the respondents expressed positive feelings in 1967. This represents a downturn in the level of favorable attitudes toward the use of installment credit. As can be seen from Table 7-1, in 1954 50 percent reported favorable attitudes toward installment buying. Between 1954 and 1960, the proportion of family heads favoring the use of installment credit was higher, in 1959 as high as 60 percent.

As in earlier years, those with debt in 1967 thought much more favorably of installment buying than those without debt (Table 7-2). However, comparison of groups of families with different levels of installment debt in 1959 and 1967 suggests that families with a relatively high level of debt exhibited the greatest deterioration in favorable attitudes toward installment buying.

The decline in favorable attitudes is distributed almost evenly across all income groups. The groups with the most favorable attitudes toward installment buying continue to be the younger age groups and those having some debt (Table 7-3). Those at the extreme ends of the education range were most likely to see the use of installment buying as a bad idea. Those with a college degree tended to report both good and bad aspects of the use of installment credit somewhat more frequently than did those with lower education.

Although a variety of reasons for using installment credit were given by the families interviewed, only one reason was mentioned by a very large proportion of those who favored using installment credit. Table 7-4 indicates that 27 percent of the family heads said that buying on the installment plan was the only way that many families could buy certain things they needed. This was by far the most frequent argument mentioned in favor of borrowing. Establishing a credit rating was mentioned by about one out of every 12 families. This answer was given most frequently by low-income families, by younger families, and by those with very moderate amounts of installment debt.

Some of those giving an unfavorable response to the use of installment debt tended to see the use of credit as a factor making for over-spending. One out of every eight of all respondents felt that using credit would be likely to cause a family to buy more goods than it could pay for. Somewhat more, about one out of every six or 16 percent of all respondents, said that credit costs too much. A small proportion of families disapproving of the use of credit based their objection on moral grounds.

The reasons given for objecting to the use of installment credit varied according to the income of the family being interviewed. Those with less than \$3,000 in income were much more likely to report that credit would induce one to buy too much than were those with larger incomes. The higher-income families were more likely to base an objection on the cost of obtaining credit (see Table 7-4). Being induced to buy too much was more likely to be reported by older people than by young ones and by those with small amounts of credit, and not by those who had either no debt or a large amount of debt. Young people were more likely than older ones to object to the cost of credit.

Respondents were also asked to indicate which of a list of expenditures they thought to be appropriate to finance on the

ATTITUDES TOWARD DEBT

installment plan (Table 7-5). At one extreme, 80 percent felt that it was all right to borrow to cover the expenses due to illness, while at the other extreme only 4 percent felt it was all right to borrow to finance the purchase of a fur coat or jewelry and only 9 percent felt it was all right to borrow to cover the expenses of a vacation.

Subject to the qualification of minor differences in wording between the 1959 and 1967 question, three items have experienced significant increases in the proportion approving financing by the installment plan: educational expenses, purchase of furniture, and borrowing to cover living expenses when income is cut.

The approval of six of the items formed a "Guttman scale." If a respondent approved of borrowing for a vacation he was almost certain to approve of borrowing for living expenses and all the other listed purposes. If he did not approve of borrowing for vacations but approved of borrowing for living expenses he was still likely to approve of borrowing for all other purposes. These findings reflect the existence of popular agreement about the relative legitimacy of borrowing for various purposes.

The extreme notions—approval of borrowing for hospital bills and disapproval of borrowing for jewelry—are hardly surprising. But it is noteworthy that borrowing for the purchase of durable goods is approved by many more people than borrowing to pay accumulated bills or to cover living expenses when income is cut. In spite of widespread advertisements, most people still believe that vacations should be paid for with cash. The approval of borrowing for educational expenses reflects the prevailing high esteem of education, but such borrowing is still an infrequent practice.

The majority of respondents understand the behavior of a person who buys on the installment plan even though he has sufficient cash to make the purchase. Reactions to such behavior were categorized as being either favorable or unfavorable to the use of installment credit under these circumstances. Both in 1967 and in 1959 over 50 percent of respondents gave favorable responses and less than 20 percent unfavorable responses (Table 7-6). As in 1959, there was a tendency for higher income groups to be slightly more favorable than others in their evaluation of such installment buying.

Respondents were also asked the reasons why a person with sufficient cash would buy on the installment plan. In both years, the most frequently cited motive was to keep one's bank account intact for use in an emergency (Table 7-7); 42 percent of the 1959 respondents and 34 percent of those interviewed in 1967 gave this as their first response. Tables 7-7, 7-8, and 7-9 present a tabulation of the responses according to income, age, and the amount of installment debt outstanding at the time of the interview. Older and low-income

families were less able than younger and high-income families to comprehend the motives of the purchaser. One out of every three families aged 75 or older said that they didn't know why one would do such a thing. "Don't know" answers tended to be concentrated among families with either small amounts of installment debt or no debt at all.

Information on the Cost of Credit

Table 7-10 presents 1959 and 1967 data on people's estimates of the interest charged on an automobile loan. Although the data are not strictly comparable because of small differences in question wording, it is clear that in both years more than half of those giving an estimate are unrealistically low in their opinions of debt costs. Being well educated was not associated with a higher level of accuracy of information, but rather with a lesser willingness to admit ignorance.

Old people and people without debt say most commonly that they do not know how large the interest charges are (Table 7-11). But underestimation of interest charges is frequent among all debtors. People wish to know and do know how large their monthly payments are, and how their payments relate to present or expected income. Many people are also informed about recent changes in interest charges and especially about the source of least expensive borrowing. But the frequent absence of information about the size of interest charges, even among well-educated debtors, can only mean that many people are not motivated to find out how large these charges are.

Early in 1967 approximately two-fifths (38 percent) of the respondents reported knowledge of changes in the rate of interest charged on installment buying (Table 7-12). The age groups under 55, who are the greatest users of debt, were more likely to perceive a change in the rate. Likewise, families with higher income and larger debt were more likely to report changes in the installment borrowing rate. Of those who reported knowledge of a change in rates, the overwhelming majority mentioned a moderate or small increase.

Another dimension to consumer information on the cost of installment borrowing consists of knowledge of where interest costs are the lowest (Tables 7-13 and 7-14). In this regard, 85 percent of all families reported that there is a difference in interest cost depending on where one borrows. Those who were most likely to report a difference are the same population groups who were the

ATTITUDES TOWARD DEBT

most informed on changes in interest rates-namely, the families with higher incomes and debts. Banks were reported as being the least expensive source of borrowing.

Ability to Make Repayments and Perceived Commitment to Debt

Many people have expressed concern over the possibility of American families becoming overburdened by installment debt. In the current study, respondents were asked to report whether they met their installment debt payments as scheduled or not. Forty-two percent of the families reported no payments during 1966. Of the families who made payments during the year, 72 percent made them as scheduled, 10 percent got behind, and 14 percent paid faster than scheduled (see Table 7-15).

Somewhat surprisingly, the families with debts under \$1,000 were a little more likely to have fallen behind in their repayments than the families with debts over \$1,000. From this one can conclude that large debts in themselves are not a determinant of excessive financial commitment to debt.

Analogous is the finding that families with debt-to-debt payment ratios of 18 months or greater (families for whom it would take 18 months or more to pay off their debts if they incurred no additional debts and made payments at their current rate) were somewhat *less* likely to have fallen behind in meeting their repayment schedules.

In sharp contrast to the ability to meet payments of those with high debt levels, families whose ratio of annual installment debt to annual disposable income was high were more likely to be in a precarious position with regard to fulfilling their obligations to their creditors. One-fifth of those families who were allocating 20 percent or more of their disposable income to debt repayment experienced difficulty in meeting their debt repayments. That is, those families were twice as likely to have fallen behind in their repayments than the other debtors (10 percent of whom have fallen behind).

To examine the likelihood of consumers expanding their debt commitments in the near future, it is useful to know whether they felt that they could increase their commitment beyond its present level. Three-fifths of those with debt felt that it would be difficult to take on additional payments (Table 7-16). In comparison, only 15 percent gave an unqualified "easy" answer. It does not follow that only a small proportion of debtors will incur new debt in the near future. It should not be forgotten that many of those who said early in 1967 that it would be difficult for them to take on larger payments will become debt-free in the not-too-distant future. In addition, it should be noted that the question reported in Table 7-16 was asked only of families with installment debt. No doubt, the debt-free families—52 percent of all families—would have given different answers; many more of them would have said that they were in a position to incur debt.

The finding that most families feel that it would be difficult for them to take care of a larger debt than they have can mean only one thing. Very many of those who finance their larger purchases through borrowing extend themselves to what they consider the permissible limit. They buy as much as they think they can afford to repay. They will increase their commitments only when some of their debt is repaid or when their incomes go up.

Installment buying is:	Jan- Feb. 1954	Aug. 1956	Nov- Dec. 1957	Nov. 1959	Jan- Feb. 1967
Good idea	50	51	55	60	48
Pro-con, don't know	10	15	9	7	11
Bad idea	37	33	35	32	40
Not ascertained	3	1	1	1	1
lotal	100	100	100	100	100
Number of families	3,000	1,350	1,493	1,332	3,165

ATTITUDES TOWARD INSTALLMENT BUYING (Percentage distribution of families)

The questions asked were "We're interested in how people feel about making payments on things, for instance when they buy on time, or borrow. Do you think it is a good idea or a bad idea for people to buy things on the installment plan? Why do you think so?"

TABLE 7-2

ATTITUDES TOWARD INSTALLMENT BUYING -WITHIN INCOME AND SIZE OF INSTALLMENT DEBT GROUPS (Percentage distribution of families)

			Insta	llment	buyin	g is:				
		idea	<u>don't</u>	con, know	Bad		<u>a</u> scer	lot tained		Number of a
Annual family income	1967	1959	1967	1959	<u>1967</u>	1959	<u>1967</u>	1959	Tota	cases
Less than \$3,000	47	55	9	10	43	33	1	2	100	726
\$3,000-4,999	46	64	13	5	40	30	1	1	100	559
\$5,000-7,499	47	63	11	б	41	31	1	*	100	761
\$7,500-9,999	51	62	10	5	38	32	1	1	100	662
\$10,000 or more	47	56	13	8	39	36	1	*	100	1,018
Size of install-	10/7	1056	1077	1056	1067	1054		1056		
ment debt	1967		1967	<u>1956</u>	<u>1967</u>		<u>1967</u>	<u>1956</u>		
None	40	40	12	16	47	43	1	1	100	1,940
Less than \$100	64	64	6	15	2 9	20	1	1	100	167
\$100-499	52	64	12	13	35	23	1	*	100	461
\$500-999	56	65	8	16	35	19	1	*	100	350
\$1,000 or more	57	68	10	15	32	17	1	*	100	808

* Less than 0.5 percent.

^ain 1967.

ATTITUDES TOWARD INSTALLMENT BUYING -WITHIN INCOME, TOTAL DEBT, AGE, AND EDUCATION GROUPS

(Percentage distribution of families)

		Installmen	t buyi	ng is:		
	Good idea	Pro-con, don't know	Bad idea	Not ascertained	Total	Number of cases
All families	48	11	40	1	100	3,726
Annual family income						
Less than \$3,000	47	9	43	1	100	726
\$3,000-3,999	49	13	38	*	100	283
\$4,000-4,999	43	12	43	2	100	276
\$5,000-5,999	44	12	43	1	100	282
\$6,000-7,499	48	10	41	1	100	479
\$7,500-9,999	51	10	38	1	100	662
\$10,000-14,999	47	10	42	1	100	694
\$15,000 or more	48	17	34	1	100	324
Remaining total installment debt						
None	40	12	47	1	100	1,940
\$1-99	64	6	29	1	100	167
\$100~199	54	13	32	ī	100	164
\$200~499	51	11	37	1	100	297
\$500-999	56	8	35	1	100	350
\$1,000-1,999	55	10	34	ĩ	100	427
\$2,000-2,999	59	10	30	1	100	213
\$3,000 or more	57	10	32	1	100	168
Age of family head						
Under age 25	47	13	39	1	100	248
25-34	51	11	37	i	100	663
35-44	57	9	33	i	100	712
45-54	53	12	34	1	100	727
55-64	40	11	47	2	100	601
65-74	41	11	47	ī	100	473
Age 75 or older	31	15	54	*	100	302
Education of family head						
0-5 grades	47	10	41	2	100	278
6-8 grades	44	9	45	2	100	806
9-11 grades	52	10	37	ī	100	692
12 grades	51	10	38	ī	100	632
12 grades and				-		
training	48	12	40	*	100	398
College, no degree	48	13	38	1	100	437
College, degree	46	16	37	ĩ	100	317
College, advanced		10		-		227
degree	38	16	46	*	100	146
. <u> </u>			<u> </u>			

*Less than 0.5 percent.

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MAJOR REASONS FOR USING INSTALLMENT DEBT⁴ -WITHIN INCOME, AGE, AND TOTAL INSTALLMENT DEBT GROUPS - 1967 (Percentage distribution of families)

	Favorable reason	Uni	avorable rea	ions	
	Only way you can buy things	Don't believe in debt, moral reasons	Costs too much	Likely to buy	Number of cases
All families	27	5	16	13	3,726
Annual family income					
Less than \$3,000	25	6	10	17	726
\$3,000-3,999	33	5	16	9	283
\$4,000-4,999	23	4	20	11	275
\$5,000-5,999	28	7	19	9	282
\$6,000-7,499	32	6	15	13	479
\$7,500-9,999	27	4	16	12	662
\$10,000-14,999	26	4	21	12	694
\$15,000 or more	21	3	17	12	324
Age of family head					
Under age 25	22	. 6	1 9	8	248
25-34	30	4	19	10	663
35-44	34	3	15	11	712
45-54	31	4	16	10	727
55-64	23	5	20	15	601
65-74	18	7	15	17	473
Age 75 or older	15	10	8	19	302
Total installment debt					
None	20	7	18	14	1,940
\$1-99	37	3	13	8	167
\$100-199	34	2	9	13	164
\$200-499	32	2	12	15	297
\$500-999	33	4	15	8	350
\$1,000-1,999	36	3	18	9	427
\$2,000 or more	34	2	14	12	381

a Only proportion of families emphasizing one of the four reasons shown tabuisted; respondents mentioning other reasons and mentioning no reasons at all are omitted; therefore rows do not add to 100.

OPINIONS ABOUT APPROPRIATENESS OF BORROWING FOR VARIOUS PURPOSES (Percentage distribution of families)

	To c expens to il	es due	To fi educa _expe	tional	purch	nce the ase of car		nce the ase of i <u>t</u> ure
	1959	1967	1959	1967	1959	1967	1959	1967
Yes, all right to borrow	86	80	70	77	67	65	44	52
No, not all right to borrow	13	19	28	21	31	34	54	47
Not ascertained	1	1	2	2	2	1	2	1
Total	100	100	100	100	100	100	100	100

	which	bills have dup	To co living e when i is c	xpenses ncome	expens	ver the es of a on trip	To fina purchas fur co jewe	at or
	1959	1967	1959	1967	1959	1967	1959	1967
Yes, all right to borrow	44	43	26	40	5	9	2	4
No, not all right to borrow	54	55	7 2	58	94	90	97	96
Not ascertained	2	2	2	2	1	1	1	*
Total	100	100	100	100	100	100	100	100

Less than 0.5 percent.

The questions asked were: In 1959: "People borrow for many different purposes. For what purposes would you say it is appropriate for someone like yourself to borrow money which you pay back over time? (The respondent was specifically asked about each of the eight purposes.) In 1967: "People have many different reasons for borrowing money which they pay back over a period of time. Would you say it is all right for someone like yourself to borrow money..."

DESCRIPTION OF A PERSON WHO BUYS ON THE INSTALLMENT PLAN ALTHOUGH HE HAS SUPFICIENT CASH

(Percentage distribution of families)

					A	nnual f	amily in	.come of	respond	lent		
	<u>All</u> fa	All families		Less than \$3,000		\$3,000 -4,999		\$5,000 -7,499		\$7,500 -9,999		,000 nore
	1959	1967	1959	1967	1959	1967	1959	1967	1959	1967	1959	1967
Favorable description	52	56	37	50	51	47	59	59	63	57	58	62
Unfavorable description	17	19	18	21	19	25	16	18	17	17	17	18
Neither favorable πor unfavorable ^C	10	8	10	6	8	8	12	6	9	10	13	10
Don't know or not ascertained		17	35	23	2	20	13		11	_16	_12	_10
Total	100	100	100	100	100	100	100	100	100	100	100	100

"Includes such descriptions as "intelligent," "informed," "plans shead," "cautious," "conservative," "wise."

^bIncludes such descriptions as "impatient," "foolish," "not good with money."

CIncludes such descriptions as "average," "family man," "different."

The questions asked were "Speaking of buying a car on time, Mr. X has just done so although he has enough money in the bank to pay cash. Why do you think he bought the car on time? Which kind of man do you think he is?"

FIRST MENTIONED REASON ATTRIBUTED TO A PERSON WHO BUYS ON THE INSTALLMENT PLAN ALTHOUGH HE HAS SUFFICIENT CASH - WITHIN INCOME GROUPS

(Percentage	distribution	of	families)
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					Ann	ual fam:	ily inco	me of r	esponden	t		
	All fa	All families		than 5,000		000 999	\$5,000 -7,499			500 999	\$10,000 or_more	
Reason	1959	1967	1959	1967	1959	1967	1959	1967	1959	1967	1959	<u>1967</u>
To keep bank account for emergencies	42	34	40	32	41	32	47	34	51	36	35	36
Wanted cash for yomething else	9	9	9	11	11	13	7	9	9	7	12	8
Difficult to replace savings	5	5	2	2	5	4	6	5	8	8	7	8
To establish credit	6	8	4	4	6	10	7	9	8	9	6	7
Better service	5	7	2	6	4	8	8	6	5	10	5	6
Use car while paying	1	*	*	L	1	0	1	*	1	*	*	*
Other	9	17	7	10	10	10	9	20	6	15	22	23
Only derogatory state- ment, no reason given	7	6	8	8	8	5	5	5	3	5	2	4
Don't know	14	13	25	24	12	17	8	11	8	9	7	7
Not ascertained	2	_1	3	2	2	<u> </u>	2	<u> </u>	_1	_1	_4	<u>1</u>
Total	100	100	100	100	100	100	100	100	100	100	100	100

*Less than 0.5 percent.

The questions asked were "Speaking of buying a car on time, Mr. X has just done so although he has enough money in the bank to pay cash. Why do you think he bought the car on time? Which kind of man do you think he is?"

FIRST MENTIONED REASON ATTRIBUTED TO A PERSON WHO BUYS ON THE INSTALLMENT PLAN ALTHOUGH HE HAS SUFFICIENT CASH - WITHIN AGE GROUPS - 1967

(Percentage distribution of families)

	Age of family head, 1967									
Reason	Under age 25	25-34	35-44	45-54	55-64	65-74	Age 75 or older			
To keep bank account for emergencies	35	36	39	35	33	33	21			
Wanted cash for something else	11	10	9	7	8	13	12			
Difficult to replace savings	3	5	8	7	5	3	2			
To establish credit	24	11	9	7	4	4	1			
Better service	2	5	7	10	11	6	5			
Use car while paying	0	*	*	*	*	*	0			
Dther	18	19	16	16	18	13	15			
Only derogatory state- ment, no reason given	4	4	3	5	6	9	10			
Don't know	3	9	9	12	14	18	32			
Not ascertained	*	_1	*	_1	_1	1	_2 ·			
Total	100	100	100	. 100	100	100	100			
Number of families	248	663	712	727	160	473	302			

* Less than 0.5 percent.

The questions asked were "Speaking of buying a car on time, Mr. X has just done so although he has enough money in the bank to pay cash. Why do you think he bought the car on time? Which kind of man do you think he is?"

FIRST MENTIONED REASON ATTRIBUTED TO A PERSON WHO BUYS ON THE INSTALLMENT PLAN ALTHOUGH HE HAS SUFFICIENT CASH - WITHIN INSTALLMENT DEBT GROUPS - 1967

			Total ins	tallment debt	of responden	t, 1967		
Reason	None	\$1-99	\$100-199	\$200-499	\$500-999	\$1,000 -1,999	\$2,000 -2,999	\$3,000 or more
To keep bank account for emergencies	31	34	35	40	35	39	37	41
Wanted cash for something else	9	11	8	11	10	7	9	10
Difficult to replace savings	5	4	7	8	5	6	6	3
To establish credit	5	8	14	9	13	11	10	7
Better service	8	4	8	6	9	6	9	5
Use car while paying	*	2	0	0	0	*	*	0
Other	17	10	10	14	16	18	2 1	25
Dnly derogatory state- ment, no reason given	7	6	4	3	3	5	2	5
Don't know	17	19	13	8	8	8	6	2
Not ascertained	1	2	1	1		*		2
Cotal	100	100	100	100	100	100	100	100
Number of families	1,940	167	164	297	350	427	213	168

Less than 0.5 percent.

The questions asked were "Speaking of buying a car on time, Mr. X has just done so although he has enough money in the bank to pay cash. Why do you think he bought the car on time? Which kind of man do you think he is?"

1967 SUR VEY OFCONSUMER FINANCES

ESTIMATES OF	INTEREST	RATE	ON A	CAR	LOAN -	• WITHIN	EDUCATION GRO	UPS
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(Percentage distribution of families)

	-					Educat	ion of	family	head			
Estimate of interest		All ilies		s than rades	(som	grades e high hool)	8	High chool duates		ome lege		llege Iuates
per year	1959	1967	1959	1967	1959	1967	1959	1967	1 9 59	1967	1959	1967
Underestimate												
Less than 4 percent	2	1	1	1	3	L	3	1	1	1	1	2
4 to 6 percent	21	29	11	21	24	29	27	31	25	38	30	33
7 to 9 percent	9	14	6	11	8	1 2	11	15	15	18	12	22
Borderline or correct												
10 to 12 percent	13	13	12	10	11	11	13	16	18	17	14	16
13 to 15 percent	3	5	2	2	4	5	3	5	3	6	4	6
16 to 20 percent	6	6	6	5	7	8	7	5	7	5	5	6
21 percent or more	7	7	8	8	8	8	6	8	5	4	6	3
Did not give an estimate												
Don't know or no answer	39	25	_54	42	35	36	30	19	26	11	28	12
Total	100	100	100	100	100	100	100	100	100	100	100	100
Percent who underestimated among those who gave an estimate	52	59	39	57	54	66	59	58	55	64	60	65
Number of families	(about 1,400)	3,165	8	1,084	a	1,692	8	1,030	a	437	A	463

^aNot available.

In 1959 the question asked was "Do you happen to know how much interest or carrying charges one has to pay to buy a car on time; suppose you need a thousand dollars which you would repay monthly over two years: about how much do you think the interest or carrying charges would be each year?" In 1967 the question asked was "Suppose you need 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?"

ESTIMATES OF	INTEREST	RATE	ON A	CAR	LOAN	-	WITHIN	AGE	AND	CAR	DEBT	GROUPS
	(Pe	ercent	age	dist	ribuci	loi	n of fai	nilie	28)			

			Age o	f fam	ily h	ead		
	All families	Under age 25	25 34	35 -44	45 -54	55 -64	65 - 74	Age 75 or older
Less than 4 percent	L	1	2	2	1	1	1	1
4 to 6 percent	29	31	31	33	30	30	23	17
7 Lo 9 percent	14	19	15	18	15	15	10	5
10 to 12 percent	13	12	14	14	18	14	11	6
13 to 15 percent	5	3	5	4	5	4	6	3
16 to 20 percent	6	7	8	7	5	4	3	3
21 percent or more	7	11	9	6	7	S	5	6
Don't know or uncodeable	25	15	15	15	17	26	40	56
Not ascertained		1	1	l	2	1	1	3
Total	100	100	100	100	100	100	100	100

			Car de	ebt		
	Has no such debt	\$1-199	\$200 -499	\$500 -999	\$1,000 -1,999	\$2,000 or more
Less than 4 percent	1	4	0	1	1	1
4 to 6 percent	26	27	32	33	43	33
7 to 9 percent	14	10	17	17	17	17
10 to 12 percent	13	17	13	12	11	20
13 to 15 percent	5	9	3	4	4	6
16 to 20 percent	5	5	8	7	5	7
21 percent or more	6	8	12	8	10	6
Don't know or uncodeable	28	19	14	17	8	8
Not ascertained	2	1	1	1	1	2
Total	100	100	100	100	100	100
Number of cases	2,693	92	157	235	319	230

The question asked was "Suppose you needed a thousand dollars for a car which you would repay in 12 monthly payments, about how much do you think the interest or carrying charges would be?"

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TABLE 7-12 (Sheet i of 2)

INFORMATION ON RECENT CHANGE IN INTEREST RATE CHARGED ON INSTALLMENT BUYING - 1967 (Percentage distribution of families)

					Age of f	ami 1	y head		
Change in rate	All families	Under age	25 25-	34 35-	44 45	-54	55-64	65-74	Age 75 or olde
Know of change	38	43	49	47	3	8	32	25	21
Increase	31	34		37	37	29	25	20	17
No change	4	4		6	5	5	4	2	2
Decrease	2	5		3	4	2	2	2	1
Change, but do not know direction	1	0		3	1	2	1	1	1
Do not know of change	62	57	51	53	6	2	68	75	79
Total	100	100	100	100	10	0	100	100	100
			Ал	nual fami	ly_incom	e			
Change in rate	Less than \$3,000	\$3,000 -3,999	\$4,000 -4,999	\$5,000 -5,999	\$6,00 -7,49		\$7,500 -9,999	\$10,000 -14,999	\$15,000 or more
Know of change	19	25	27	33	42		44	50	59
Increase	17	21	22	24	33		33	40	47
No change	1	3	3	5	5		5	5	7
Decrease	1	1	1	3	3		3	3	4
Change, but do not know direction	1	*	1	1	1		3	2	1
Do not know of change	81	75	73	67	58		56	50	41
Total	100	100	100	100	100		100	100	100

^{*}Less than 0.5 percent.

TABLE 7-12 (Sheet 2 of 2)

INFORMATION ON RECENT CHANGE IN INTEREST RATE CHARGED ON INSTALLMENT BUYING - 1967

(Percentage dis	tribution of	families)		
 		Installment	debt	

				TUSTATIME	at debt			
Change in rate	No such debt	\$1-99	\$100-199	\$200-499	\$500-999	\$1,000 -1,999	\$2,000 -2,999	\$3,000 or more
Know of change	31	26	36	41	44	52	57	54
Increase	25	20	32	32	34	38	46	41
No change	3	4	2	5	5	6	7	8
Decrease	2	2	1	3	2	5	2	4
Change, but do not know direction	1	8	1	1	3	3	2	1
Do not know of change	69	74	64	59	56	48	43	46
Total	100	100	100	100	100	100	100	100

The questions asked were "Do you happen to know whether there have been any recent changes in the interest rate charged on installment buying? (If yes) What kind of changes?"

PERCEPTION OF COST DIFFERENCES AMONG BORROWING SOURCES AND LEAST EXPENSIVE BORROWING SOURCE - WITHIN DEBT GROUPS - 1967

(Percentage	distribution	of	familied	۱.
(rercentage	aferination	OT.	Tamittice	,

		Total installment debt									
i	All amilies	No such debt	\$1-99					\$2,000 -2,999			
Percent who say there is a difference	85	80	72	93	88	93	93	96	95		
Of those who say there is a difference	2										
Banks	80	80	82	80	79	83	80	78	80		
Loan or finance companies	2	1	2	3	2	3	1	1	1		
Credit unions	10	8	10	9	12	8	13	16	17		
From the dealer	0	1	1	1	*	1	1	1	0		
From friends, relatives, or other individual:	s *	2	2	3	2	1	• 1	1	1		
Other	2	2	0	0	1	1	*	i	6		
Insurance	1	1	0	1	1	*	2	1	0		
Don't know	2	4	2	3	2	2	1	2	0		
Not ascertained	3	1	1	0	1	1	1	0	0		
Total	100	100	100	100	100	100	100	100	100		
No difference	4	4	8	4	4	3	4	3	2		
Don't know, not ascertained	11	16	20	3	8	_4	_3	_1	3		
[otal	100	100	100	100	100	100	100	100	100		

*Less than 0.5 percent.

The questions asked were "Do you think there is a difference in the interest or carrying charges depending on where you borrow the money?" (If there is a difference) "Where would they be the lowest?"

PERCEPTION OF COST DIFFERENCES AMONG BORROWING SOURCES AND LEAST EXPENSIVE BORROWING SOURCE - WITHIN INCOME GROUPS - 1967

(Percentage	distribution	o£	families)
-------------	--------------	----	-----------

			Annu	al fami	ly inco	me		
	Less than \$3,000						\$10,000 -14,999	
Percent who say there is a difference	65	79	80	88	90	93	94	98
Of those who say ther is a difference	e							
Banks	81	80	79	83	79	82	78	82
Loan or finance companies	4	4	1	0	1	1	1	2
Credit unions	4	2	4	9	13	1 2	16	13
From the dealer	1	1	1	1	0	1	1	*
From friends, relatives, or other individual	6 1	2	2	5	2	L	1	1
Other	9	1	4	*	1	1	1	1
Insurance	0	0	1	8	1	1	1	1
Don't know	7	7	6	1	2	1	1	*
Not ascertained	1	3	2	1	1	*	*	0
Total	100	100	100	100	100	100	100	100
No difference	7	4	4	4	4	3	4	1
Don't know, not ascertained	28	17	16	8	6	4	2	1
Total	100	100	100	100	100	100	100	100

^{*}Less than 0.5 percent.

The questions asked were "Do you think there is a difference in the interest or carrying charges depending on where you borrow the money?" (If there is a difference) "Where would they be the lowest?"

ATTITUDES TOWARD DEBT

TABLE 7-15

FREQUENCY OF ACCELERATED OR DELAYED PAYMENTS ON INSTALLMENT DEBT (Percentage distribution of families with installment debt)

	_			Debt	payme	nts				
	Faster or larger		Slowe smal		As scheduled		Not ascertained		Total	
	1966	1964	1966	1964	1966	1964	1966	1964		
All families with installment debt	14	16	10	9	72	71	4	4	100	
Total installment debt										
\$1-199	13	18	10	7	71	71	6	4	100	
\$200-499	15	16	13	8	68	72	5	4	100	
\$500-999	12	19	14	13	71	65	3	3	100	
\$1,000-1,999	13	14	10	10	72	69	5	7	10 0	
\$2,000 or more	15	13	8	7	74	77	З	3	100	
Ratio of installment debt payments to disposable income										
Less than 5 percent	14	19	9	4	73	76	4	1	100	
5 to 9 percent	13	20	7	7	75	69	5	4	100	
10 to 19 percent	15	15	10	8	72	73	3	4	100	
20 percent or more	12	12	20	18	64	66	4	4	100	
Months left to pay										
1 to 5	18	19	10	12	67	63	5	6	100	
6 to 11	13	18	13	6	70	74	4	2	100	
12 to 17	11	18	14	11	72	66	3	5	100	
18 to 23	13	14	9	8	76	74	2	4	100	
24 to 29	15	10	6	10	76	77	3	3	100	
30 or more	15	15	7	8	69	74	9	3	100	

The question asked was "In making your payments in 1966 did you make the payments in the way they were scheduled, did you get behind, or did you make payments that were larger or more frequent than scheduled?"

OPINION ABOUT ABILITY TO MAKE LARGER PAYMENTS (Percentage distribution of families with debt)

	Easy	Rather easy	Pro-con; depends; don't know	Rather difficult	Difficult, very difficult	Not ascer- tained	Total
All families	15	7	2	9	62	5	100
Debt-debt payment ratio	15	7	2	9	.62	5	
l to 5 months	15	7	1	1 2	63	2	100
6 to 11 months	15	7	2	8	61	7	100
12 to 17 months	15	7	1	7	66	4	100
18 to 23 months	13	7	4	7	65	4	100
24 to 29 months	16	6	4	10	57	7	100
30 months or longer	14	8	4	12	56	6	100
Installment debt payment-income ratio							
Less than 5 percent	19	8	1	6	61	5	100
5 to 9 percent	19	8	2	10	56	5	100
10 to 14 percent	13	8	3.	10	62	4	100
15 to 19 percent	10	8	2	8	66	6	100
20 percent or more ^a	8	2	2	9	74	5	100
Amount of debt not ascertained	22	12	7	12	42	5	100

^aIncludes families with zero or negative disposable income.

The question asked was "Suppose you'd like to make some more large purchases; would it be easy or a hardship for you to take care of larger payments than you make now?" 8

INCOME TRENDS AND THEIR INFLUENCE ON CONSUMER BEHAVIOR

FREQUENT study has been made of change in family income over a preceding 12-month period; change expected over a coming 12-month span has also been studied often. People's time perspective extends both backward and forward—thus these changes need to be studied jointly. And because memory and expectation embrace periods longer than these 12-month intervals, it seems profitable to study the usefulness of a longer run measure of income trends. Data collected in the 1967 Survey of Consumer Finances provide the comprehensive setting for an analysis of the importance of past and expected income trends.

Although income expectations are subjective notions colored by aspirations, they also derive from some fairly precise information about one's job, education, and age. Reports on past income change may also differ from objective facts, because memory is influenced by subjective evaluations. The impact of such subjective notions is of special interest in studying consumer behavior.

One purpose of this chapter is to provide descriptive data on the prevalence of favorable income trends in our society, especially among the younger age groups and among those with more education and higher incomes. In addition, data will be presented which shed light on the origin of income expectations. Finally, the influence of favorable income trends on the purchase of durable goods and on borrowing will be demonstrated.

The Distribution of Income Trends

Respondents in the 1967 survey were asked four questions concerning past and expected income changes. They were asked to report changes in the family income in the past year and over the past 4 years, and expected income changes for the coming year and the next 4 years. By considering past and expected changes together, the findings may be grouped in five major categories, as illustrated by presenting the data on long-run income trends as follows:

Group	Income now compared with 4 years ago	Expected income 4 years hence compared with now	Description	Percent of all families
(1)	up	up	Continuous gain	39
(2)	up same	same up	Intermittent gain	14
(3)	up down	down up	Reversal	10
(4)	same	same	Stagnation	10
(5)	down same down	same down down	Decline	8
(6)	don't know uncertain			<u>19</u>
	Total			100

Four-Year	Past	and	Expected	Income	Change

Emphasis will be placed on the first group, because of its size and its importance for the economy. A few words may be said, however, about the other groups.

In group 2 there are many more families who have experienced income gains and expect a leveling off (up-same) than there are families who have had relatively stable incomes but expect an increase over the next 4 years (same-up). Mixed trends (group 3) are about equally divided among the up-down and the down-up.

The income change trend of those families in group 4 might be described as "stagnation." Of families with the head age 65 or older, 30 percent fall into this group. Another 20 percent of the aged fall into group 5, reporting income declines either in the past or in the future (or both). Income stagnation occurs most frequently among the low-income, poorly educated families (regardless of

INCOME TRENDS

race). Those who are uncertain-primarily about their prospectswere most prevalent among the poorly educated.

The Frequency of Favorable Income Trends

The frequency of various types of favorable income changes is summarized as follows:

	Proportion of all families reporting	Proportion of all families reporting
Income change experience	gain	<u>gains twice</u>
Income higher in 1966 than 4 years ago	63	-40
Income higher in 1966 than 1 year ago	49	-28 39
Expect higher income in 1967 (1 year hence)	41	-20 00
Expect higher income 4 years hence	51	

Sixty-three percent of all families reported having higher incomes now than 4 years ago, while 49 percent reported that their income in 1966 was higher than their income in 1965. Forty percent of all families reported both types of gains. If these income gains were independent, one might expect that only 31 percent (63 times 49) would have had gains in both periods. Reports on income gains over the past 4 years and expectations of such trends to continue over the next 4 years were expressed by 39 percent of all families (higher than the 32 percent one would find if these gains were independent).

Respondents in the 1967 Survey were also asked to make a more comprehensive evaluation of their total financial position; they were asked whether, on the whole, they were better off or worse off than a year before and whether they expected to be better or worse off than now a year hence. Being better off is known to be influenced by developments other than income change, both personal (changes internal to the family unit, relating for instance to assets or debt) and external (conditions in the general economy and especially inflation—both past and expected). Thirty-four percent of all families expressed satisfaction with past personal financial trends, 35 percent with future expected trends. Nineteen percent expressed satisfaction with both.

The number of families reporting a "better off" trend (19 percent) is much lower than the proportion of families with favorable one-year past and expected income trends (28 percent). This may reflect the unfavorable state of consumer sentiment at the time of the survey in addition to the effects of inflation on income. In 1965, for instance, when optimism was pronounced, the proportion of families reporting that they were better off than a year ago and expected to be better off a year hence was substantially higher than in 1967.

Favorable income trends depend on both income level and age. The frequency of favorable (up-up) reports tends to rise with income, and fall with increasing age of family head. Favorable reports are most frequent among young families and those families with incomes above \$10,000 (Table 8-1). Favorable responses were infrequent among families with incomes below \$3,000. As might be expected, favorable trends are also most prevalent among the more highly educated families. A lower proportion of nonwhites than of whites report being better off, but there is practically no difference between whites and nonwhites regarding expected favorable income trends.

Chart 8-1 examines the frequency of favorable 4-year income trends in a joint age-income distribution. Favorable trends are most frequent at all income levels among families with the head under age 35. Their frequency declines with increasing age. Within most age groups, the higher the level of family income, the more frequent the report of favorable income trends.

The frequency of favorable personal financial trends (the proportion of families reporting that they are now and will be better off) is related to both age and income in Chart 8-2. The relationship is essentially the same as in Chart 8-1 although the differences are less pronounced.

The Origin of Expectations

The basic point to be established here is that after the effects of age and income level are accounted for, favorable past income trends contribute to optimistic income expectations. Three measures of optimistic income expectations were considered (see Table 8-2). Each of the three measures was used as a dependent variable in a multivariate analysis with age, education, income level, race, selfemployment, and a corresponding measure of past income change as predictors. The Beta coefficients presented in the upper half of Table ϑ -2 indicate the relative importance of the six factors.

Clearly, past income change has a significant influence on income expectations, second only to the age effect. Age is always important; younger people are more optimistic than others, older people more pessimistic. Education has the expected influence on optimism even after age is accounted for. The adjusted effects of income level, self-employment, and race are small (although, after the variables are taken into account, Negroes appear to be slightly more optimistic).

The lower half of Table 8-2 presents the adjusted and unadjusted proportions expressing optimistic income expectations for age and past income change, the two most important independent variables.

For example, 41 percent of the representative sample interviewed early in 1967 expected their next year's income to be higher than in the past year. For young families, age 18-24, this proportion was 65 percent unadjusted and 56 percent after the effects of the other variables are accounted for. Among those who had large income increases during the past year, the frequency of optimistic expectations was 62 and 53 percent, respectively. The importance of longer run favorable income trends is illustrated by the fact that only families who experienced continued income increases (last year and 4 years ago) expect continued income increases (next year and 4 years hence) more frequently than the average for all families. (The adjusted proportion of the former is 41 percent as against an overall average of 31 percent.) Clearly, past income progress is a factor promoting optimistic income expectations.

The Influence of Income Trends on Purchasing Behavior

We are in a position to relate the various income trends to purchasing behavior in the preceding year and to purchase plans for the next year. Obviously, one cannot safely assume that optimism expressed in January of 1967 also prevailed during the preceding year (for which purchasing data were collected), nor can the purchase of all durable goods be considered discretionary. Therefore incurrence of installment debt during the preceding year and expressed intentions to buy will serve as the most useful indicators of behavioral concomitants of income trends.

Past and expected durables purchase activity 1 and debt incurrence served as the dependent variables and were analyzed in

¹Past and expected durables purchases were used in the form of an index. As explained in the footnotes to Table 8-3, families were given one point on the past purchase index for each type of activity: purchase of a house, of a car, of other durables over \$100, and making additions and repairs to homes. The intentions index was constructed similarly for expressed intentions to purchase such goods in 1967.

conjunction with three independent variables: income level, age, and some form of past income trend. Several measures of income trend were used, each one separately with the other two predictors. The relative performance of each variable with respect to the various dependent variables is shown in Table 8-3.

Past purchase of durables was most strongly related to income level, while incurrence of debt was most influenced by age. Although differences in the Beta coefficients are not large for the various measures of financial trends, it appears that the "better off-worse off" trend has the best overall performance.

Intentions to purchase in the coming year may be considered to reflect less "noise" since they do not include non-discretionary purchases due to unexpected failure or breakdown of a currently owned durable good. It is revealing, therefore, that the explanatory power of financial trends is highest in explaining these intentions.

Table 8-4 presents data concerning the performance of the five financial trend variables used. Each kind of activity is shown with its adjusted and unadjusted proportion. Overall frequencies are displayed at the top of the column for each dependent variable considered. Thus, for example, the proportion of families reporting that they were better off now than a year ago and expected to be better off a year hence that bought durables was 78 percent. Adjusted for the effects of income level and age, the proportion purchasing durables is 69 percent.

After adjustment for other influences, income trends appear to have little effect on past purchasing behavior. When, however, families who purchased two or more kinds of durable goods are considered (such as those who bought both a car and a household appliance), rather than families who made any purchase, the differences among income trend groups are larger. The unadjusted frequencies of multiple purchasers among families with favorable better off trends are 44 percent, and with unfavorable trends 22 percent (as against 78 and 68 percent for all purchasers, as shown in Table 8-4); for continuous gains and declines in 4-year past and future trends, the unadjusted frequencies of multiple purchasers are 38 and 22 percent respectively (as against 75 and 65 percent for all purchasers).

Income trends appear to influence the use of credit. Table 8-4 shows that families with favorable better off trends incurred installment debt more frequently than the other groups (see the adjusted proportions). Longer run trends, on the other hand, appear to have little influence on the use of credit.

Favorable trends have the more pronounced effect on intentions to buy new cars and two or more durables. For example, the adjusted frequencies for the better off trend change as follows:

- a) Intentions to buy one durable rise from an average of 44 to 55 percent,
- b) Intentions to buy two or more durables rise from an average of from 14 to 21 percent,
- c) Intentions to buy a new car rise from an average of 7 to 12 percent.

The relative impact of past income trends increases from (a) to (c). It also appears that expectations of future favorable income trends have more of an effect on purchase plans than does past income change.

Some data, similar to those presented in Table 8-4, were also obtained for earlier years regarding better off-worse off trends (they are published in Chapter 9 of Consumer Response to Income Increases, by George Katona and Eva Mueller, Brookings Institution, Washington, D.C., 1968). The influence of income trends on discretionary behavior is not restricted to processes observed in 1967.²

Financial Trends and Automobile Turnover

Having explored the relationship of income trends to purchasing intentions we ask whether such trends are related to the length of time between car purchases. For each family, an approximate car

²The emphasis has been placed in this chapter on the joint influence of past and future trends rather than on the separate consideration of either past or future changes in income or the personal financial situation. It should, however, be mentioned that the impact of continuous gains (up-up) on discretionary behavior is in all cases larger than the impact of single gains. This may be illustrated by the following tabulation:

	Installment	Intent	ions to buy
Proportion in each subgroup	debt	Any	Two or more
in percent	incurred	durable	durables
Overall mean	37	44	14
Better off than a year ago	47	58	21
Worse off than a year ago	36	34	9
Will be better off a year hence	50	58	21
Will be worse off a year hence	38	40	9
Better off-worse off trend up-up declines	52 29	65 34	26 8

turnover rate was constructed by calculating the difference between the year the last car was purchased (for multiple car owners, the purchase year of the newest car owned) and the year the family indicated that it would buy a car again. Only families who owned cars and expressed definite intentions to buy another car were considered (2,031 cases). This eliminates many low-income and/or old people.

Table 8-5 shows the relationship of these turnover rates to better off-worse off financial trends. Short turnover rates are most frequent among families with continuous gains trends and least frequent among families with stagnant or declining trends.

The crucial question again is whether these relationships are maintained when income and age are taken into account. Respondents with a fairly short (1-3 year) car turnover rate—33 percent of all families—were contrasted to the others (rows 1 and 2 versus rows 3 and 4 in Table 8-5). Table 8-6 indicates, first, the extent of influence of income and age. As income levels rise, the proportion of families with short turnover rates increases steadily. Yet the one very large adjusted deviation of short turnover rates applies to a fairly small group, namely, to the 11 percent of car owners with over \$15,000 income. In this case the adjusted frequency of 1-3 year turnover rates is 55 percent. Short turnover rates are very high in the small group of the youngest families (the tabulation does not differentiate between buyers of new and used cars) and are low among older people. Among people 25 to 55 years of age turnover rates do not vary by age.

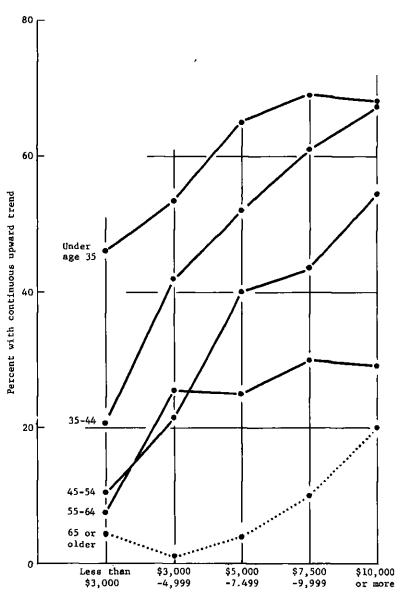
Looking now at the influence of financial trends, it is clear that their relation to car turnover rates persists, even after age and income effects have been accounted for. Continuous gains are of particular importance; they are the only income trend with a substantially higher than average frequency of short turnover. Thus, the rate of "upgrading" appears to be a function not only of income level, but also of financial trends.

These findings support the conclusion about different behavioral effects of various income trends. The great improvement in the standard of living of American families during the last 20 years appears to be related to the fact that continuous income gainspast progress linked to expected progress-were frequent in that period. Success makes for the arousal of new wants, and saturation appears to be a function of lack of progress and pessimistic outlook.³

³Some conclusions about the theory of consumer behavior were derived from data presented in this chapter in George Katona, "Consumer Behavior: Theory and Findings on Expectations and Aspirations," Proceedings of 1967 American Economic Association meeting, *American Economic Review*, May 1968, LVIII.

CHART 8-1

PROPORTION OF AGE AND INCOME GROUPS WITH CONTINUOUS UPWARD INCOME TREND (Four years ago and four years hence)



Family income

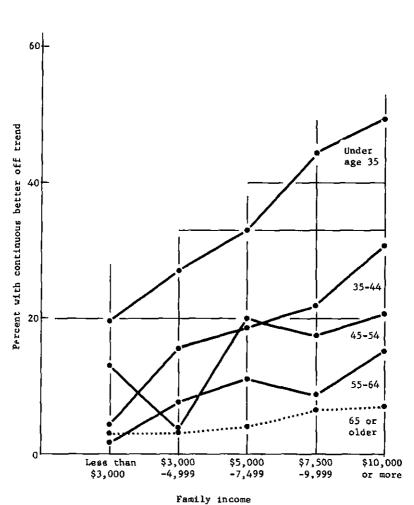


CHART 8-2

PROPORTION OF AGE AND INCOME GROUPS WITH CONTINUOUS BETTER OFF TREND⁴

^aFamily reported they were better off now than a year ago and expected to be better off a year hence.

TABLE 8-1

FREQUENCY OF FAVORABLE INCOME TRENDS

(Proportions of all families and of various groups of families in percent)

Two income increases	All families	All families with an opinion	Family income more than \$10,000	Family head under age 45
1 year and 4 years ago	40	41	57	54
l year ago, 1 year hence	28	29	38	41
l year and 4 years hence	31	38	38	50
4 years ago, 4 years hence	39	48	54	60
Better off than a year ago, expect to be better off a year hence	19	22	27	31
Number of cases	3,165	Ъ	953	1,589

	Family income more than \$5,000 and head under age 55	Family head has college education	Whites	Negroes
l year and 4 years ago	56	55	41	30
l year ago, l year hence	40	42	28	24
l year and 4 years hence	46	46	31	29
4 years ago, 4 years hence	60	55	39	42
Better off than a year ago, expect to be better off a year hence	29	29	20	، 15
Number of cases	1,800	809	2,759	322

^aAfter eliminating respondents who answered "Don't know."

^bVaries for different trend measures.

	Ext	pect in	come to b	e highe	r than in	1966
			_		Both neg	
	Dur		4 yea			years
	next	year	from	now	from	now
			Beta coe	fficien	ts	
Age	.:	24		43		. 29
Education		12		11		. 13
Income level)4	-	09		.02
Self-employment)5		04		.04
Race Income change during:	.(02	•	05		.01
Past year		23		-		_
Past 4 years	-	-	_	16		-
Past year and past 4 years		-	•	-		. 20
			of age an			
	cha 	inge to	optimist	ic expe	tations	
	1	1		50		31
Proportion expecting higher income during	Ur	nadjust	ed and ad	justed p	percents	
the indicated period	Unadj.	Adj.	Unadj.	Adj.	Unadj.	Adj.
Age						
Under age 25	65	56	83	79	56	48
25-34	62	55	78	73	54	48
35-44	52	48	70	66	43	40
45-54	44	44	53	52	36	31
55-64	30	34	33	35	16	19
Age 65 or older	11	22	9	17	3	13
Income change ^b						
Large increase	62	53	73	59		
Small increase	55	50	51	51		
No change	19	27	_20	37		
Small decrease	35 47	36 46	35	45		
Large decrease Income change one year	47	40				
and four years ago						
Continuous gain					48	41
Intermittent gain					22	25
Reversa1					34	30
Stagnation					3	17
Decline					16	23
$R^2 =$	21 .1 per	cent	33.2	percent	22.5 p	ercent

TABLE 8-2

PACTORS CONTRIBUTING TO OPTIMISTIC INCOME EXPECTATIONS

Less than .005

⁴Adjusted for age, income level, and income change.

^bOptimistic income expectations during next year (first set of two columns) related to income change during past year; optimistic expectations four years from now (second set of two columns) related to income change during past four years; optimistic expectations both next year and four years from now (last set of two columns) related to income changes both during past year and past four years.

TABLE 8-3

RELATION OF DIFFERENT KINDS OF DISCRETIONARY BEHAVIOR TO INCOME TREND, INCOME, AND AGE (Beta coefficients^a from multivariate studies)

Predictor	Purchased durables in 1966 ^b		Intend to buy in L967: ^C				
		Incurred installment debt in 1966	Any durables	Two or more durables	New automobiles		
Income level	. 29	.08	. 25	.21	. 20		
Age	.14	. 33	.16	.11	.07		
l year and 4 years ago	.05	.06	.07	.04	.04		
l year ago, l year hence	.04	. 08	.11	.09	.05		
l year and 4 years hence	.03	.06	.12	.09	.09		
4 years ago, 4 years hence	.06	. 05	.11	. 10	.11		
Better/worse off a year ago, a year hence	.06	.07	. 15	. 12	. 10		
Average R ²	13.4	14.6		8.2	5.0 perce		

^aSquare root of partial regression coefficient (beta square).

^bProportion of families who bought a house for owner-occupancy, or an automobile, or spent at least \$100 on household appliances or on additions and repairs to houses. Buyers of two or more items are counted once.

^cProportion of families who in February 1967 said that they will or probably will buy a house for owner-occupancy, or a new or a used automobile, a large household appliance, or that they will spend at least \$100 on additions or repairs to homes during the next 12 months. New automobiles are included under durables; they are also shown separately.

TABLE 8-4 (Sheet 1 of 2)

ADJUSTED AND UNADJUSTED FREQUENCIES FOR FIVE KINDS OF DISCRETIONARY BEHAVIOR AND FIVE INCOME TRENDS

(In percent)

	Purcha durab		Incurr installme	-	I	ntend i	o buy:		New o	ar
					lorm	юте	2 or tr	ore		
Overall frequency	66	i i	37		44		14		7	
Predictor	unadj.	adj.	unadj.	adj.	unadj.	adj.	unadj.	adj.	unadj.	adj.
l year and 4 years ago										
Continuous gain	75	67	46	40	55	47	20	16	9	7
Intermittent ga in	65	66	34	36	42	43	13	14	6	7
Reversal	46	61	17	33	21	36	5	12	2	5
Stagnation	59	68	26	33	36	45	7	12	4	6
Decline	68	66	43	39	47	45	15	14	9	9
l year ago, l year hence										
Continuous gain	75	67	50	42	60	51	23	19	11	9
Intermittent gain	78	67	38	37	44	43	14	13	7	7
Reversal	53	64	22	33	27	37	7	12	4	6
Stagnation	62	67	26	30	38	42	10	12	6	7
Decline	67	63	47	39	52	47	15	13	7	6

TABLE 8-4 (Sheet 2 of 2)

ADJUSTED AND UNADJUSTED FREQUENCIES FOR FIVE KINDS OF DISCRETIONARY BEHAVIOR AND FIVE INCOME TRENDS

(In percent)

	Purcha durab		lncurr inst a llme		Intend to buy:				New <u>car</u>	
					lorn	nore	2 or n	nore		
Predictor	unadj. adj.	adj.	unadj.	adj.	unadj.	adj.	unadj.	adj.	<u>unadj</u> .	adj.
1 year and 4 years hence										
Continuous gain	73	65	51	40	59	51	2 2	18	11	10
Intermittent gain	73	69	42	38	49	46	17	19	8	8
Reversal	53	67	18	33	24	36	5	10	4	7
Stagnation	63	66	24	34	37	41	11	13	6	6
Decline	71	64	44	38	53	47	14	12	6	4
4 years ago, 4 years hence										
Continuous gain	75	65	48	39	57	48	22	10	11	9
Intermittent gain	67	69	35	38	38	40	12	12	7	7
Reversal	47	64	16	33	22	37	3	10	2	5
Stagnation	60	73	18	33	36	39	8	14	6	8
Decline	65	64	39	39	47	48	11	12	5	5
Better off - worse off a year ago and a year hence										
Continuous gain	78	69	52	43	64	55	26	21	14	12
Intermittent gain	73	69	41	37	53	50	17	16	8	7
Reversal	57	62	26	34	32	38	8	11	5	6
Stagnation	60	66	29	34	34	40	8	11	4	6
Decline	68	66	48	40	46	43	15	14	4	4

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TABLE 8-5

RELATION OF FINANCIAL TRENDS TO CAR TURNOVER⁸ (Percentage distribution of families owning cars)^b

	Better off - worse off a year ago and a year hence									
	All families	uoug	Inter- mittent gain	Reversal	Stag- nation	Decline				
Will buy a car in next 3 years and:										
turnover 1-2 years	19	29	19	21	15	10				
turnover 3 years	14	17	16	14	15	9				
turnover longer tha 3 years	n 38	39	40	38	35	39				
Will not buy a car in next 3 years	29	15	25	27	35	41				
Total	100	10 0	100	100	100	100				
Number of cases	2,031	562	562	1 6 4	482	251				

^aTurnover: years between last purchase and next intended purchase.

^bFamilies not owning cars as well as those families whose car purchase plans were not ascertained, or who said they "might" buy a car were excluded.

INCOME TRENDS

TABLE 8-6

ADJUSTED AND UNADJUSTED FREQUENCIES FOR SHORT CAR TURNOVER RATES^a

(In percent)

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Overall frequency: 33 percent

Predictors	Unadjusted frequencies	Adjusted frequencies	Beta coefficient	Proportion of sample
Annual family income			.18	
Less than \$3,000	19	25		9
\$3,000-4,999	23	25		13
\$5,000-7,499	29	28		22
\$7,500-9,999	34	32		22
\$10,000-14,999	37	36		23
\$15,000 or more	55	55		11
Age of family head			. 20	
Under age 25	57	59		7
25-34	34	34		21
35-44	38	35		22
45-54	39	37		21
55-64	24	24		15
Age 65 or older	13	19		14
Better off - worse off a year ago and a year hence			.10	
Continuous gain	45	39		23
Intermittent gain	35	33		24
Reversal	35	33		7
Stagnation	29	34		24
Decline	19	25		12
Not ascertained				10

^aShort car turnover rate (1 to 3 years) includes the first two rows on Table 8-5. In this table again only car-owning families with definite car purchase plans were included. 9

EXPRESSED INTENTIONS TO BUY AND THEIR RELATION TO PAST PURCHASES

A primary purpose of survey questions about intentions or plans to buy one-family houses, automobiles, and various large appliances is to provide indications of future trends in the demand for these goods.¹ In this chapter expressed intentions will be

¹The directors of the Survey Research Center introduced in 1945 survey questions on intentions to buy and have continued to ask them since that time. The predictive value of such questions is derived from a comparison of the frequency of expressed intentions at a given time with their frequency at earlier times. Such use of intentions questions will be made again in Part Three of this monograph, where, however, the major emphasis is placed on changes in attitudes and expectations (Index of Consumer Sentiment). The latter appear to represent an earlier intercept of the process of decisionmaking than buying plans and have proved over the entire postwar period to have greater predictive value than the former. It should also be noted that seasonal fluctuations appear to play a greater role in intentions than in attitudes or expectations. Finally, larger samples are needed to obtain reliable data on changes in intentions than in attitudes; the former are expressed by a much smaller proportion of the sample than the latter. (During the second postwar decade the U.S. Bureau of the Census has taken up the task of collecting intentions to buy data from large samples.) On the other hand, the attitudinal questions study exclusively changes in certain demand factors and neglect changes in supply and its composition; people's notions about the attractiveness of the supply of specific goods are probably reflected in answers to intentions questions.

The relation of intentions to buy to purchases has usually been studied by correlating intentions to later purchases and thus analyzing the fulfillment of intentions (see, for instance, Chapter 8 of the monograph 1962 Survey of Consumer Finances). In this chapter, intentions will be related to past purchases.

analyzed in a different manner. The structure of intentions will be studied so as to reveal (a) their relation to income and major demographic as well as attitudinal variables, (b) their relation to recent past purchases, and (c) the interrelation among intentions to purchase different goods.

Relations to income, age, race, etc., can of course be studied not only for intentions but also for actual purchases. (This is done in various chapters of Part One of this monograph.) Although such an analysis for intentions to buy is less complete than for purchases, it has an advantage: an analysis of the structure of buying intentions contributes to an understanding of discretionary expenditures. Actual purchases, even of very large items, are sometimes not discretionary. Some purchases, in contrast to intentions, result from urgent needs arising from changed circumstances which were not anticipated several months earlier. Examples: a person may buy a house because he is unexpectedly transferred to a different area; a car may become unsatisfactory or may require unforeseen major repairs so that a new car is bought. Intentions are influenced by anticipated needs and ability to buy, as well as by changes in willingness to buy which reflect opinions and feelings about the advisability of satisfying or not satisfying postponable wants.

The Structure of Expressed Intentions to Buy

The overall data both on the frequency of purchases (in 1966) and on intentions to buy (during 1967), as collected from the same respondents in the same survey conducted early in 1967, are presented in Table 9-1. Although changes in willingness to buy from early 1966 to early 1967 influence the relation between the two sets of data, the major difference shown, namely, that purchases are more frequent than intentions, prevails at practically all times and must be explained by different considerations.

It should be noted that the difference between the frequency of purchases and intentions is somewhat exaggerated in Table 9-1. Intentions to buy household durables and to undertake additions and repairs of homes at an expense of less than \$100 are excluded from the intentions data in order to focus attention on major discretionary decisions. This difference is not crucial as shown by the comparison of car purchases with all car-buying intentions. Purchases of houses in 1966 were not higher than intentions to buy houses in 1967 because house buying was greatly depressed in 1966.

The comparison of purchases and intentions is complicated by the fact that a fair number of families (10 percent of all) speak of possible purchases (by saying that they might buy if...) rather than of definite intentions to buy. This group is shown separately in the lower part of Table 9-1. It is included in the last column of the upper part under an arbitrary assumption (tentative buying intentions are given half the weight of definite intentions). These tentative plans are excluded from the analysis in this chapter.

Table 9-1 indicates that the difference in the frequency of purchasing just one of the four major items in one year and in the frequency of planning to purchase just one of the four major items the next year is small. But many more families buy two or more items in a year than anticipate buying two or more items the next year. Plans are often focused around the most desired purchase; yet after the completion of that purchase, new wants frequently become salient and are gratified in the same calendar year.

The proportion of families who intend to buy two or more kinds of durable goods is shown for various pairs of goods in Table 9-2. The upper part of the table indicates that about one-half of those who plan to buy a car, a household durable, or to make additions or repairs plan to make just one major expenditure. The frequency of multiple intentions, though lower than the frequency of multiple purchases, exceeds the probability of such intentions as calculated on the basis of an assumption of independence. Among the various combinations, houses and household durables, as well as additions or repairs and household durables, are particularly frequent.

Among which kind of families are buying intentions frequent and among which kind of families are they infrequent? This question will be studied by considering intentions to buy any of the four items, rather than for each item separately. Altogether, 44 percent of all families expressed a buying intention early in 1967, and 14 percent expressed an intention to buy two or more kinds of goods. These two proportions are shown in Table 9-3 for various demographic as well as income groups.

Intentions to buy durables are highly correlated with age. They are most frequent among families with a head under age 35 and least frequent among families with a head over age 55. The higher the income, the more frequent are intentions. That education makes a difference is indicated primarily in the low frequency of intentions among those with less than a high school education (whose income, on the average, is low). The differences by race are relatively small and are probably due to income differences. Similarly, differences among occupational groups must be due primarily to other differences: Retired people who are older and laborers who have low income plan least frequently to buy durables.

The correlation of intentions to buy with income reflects the

influence of ability to buy, and the correlation of intentions with age reflects the influence of urgency of needs. Especially household durables are used over many years and are therefore purchased more frequently by younger families who equip their houses with various appliances than by older families who replace articles purchased earlier. It remains to be shown that income and demographic factors are not the only ones that make for greater or lesser frequency of intentions. The relation of intentions to personal financial trends (satisfaction with past changes and optimistic expectations regarding future changes) has been presented in Chapter 8, both on an unadjusted and an adjusted basis (Table 8-4). The unadjusted data are repeated in Table 9-4, which indicates the relation of intentions to other relevant attitudes as well.

Among families who expect business conditions to be good during the next 12 months 50 percent intend to buy as against 36-42 percent among those who are doubtful about economic prospects. The relation between 5-year business expectations and intentions to buy is likewise in the expected direction, but is less pronounced. In addition to an evaluation of personal financial trends and prospects and of 1-year or 5-year business expectations, the Survey Research Center's Index of Consumer Sentiment is composed of answers to a question in which respondents are asked whether in their opinion "this is a good or a bad time to buy durables." The replies to this question correlate quite strongly with expressed buying intentions: Among those who say that times are good 50 percent, and among those who say that times are bad 40 percent express intentions to buy.

Multiple intentions correlate with demographic factors as well as with attitudes to a greater extent than single intentions. The differences between the various subgroups are consistently larger when those who intend to buy two or more items are considered, rather than those who express any intentions.

Relation of Intentions to Buy to Past Purchases

In thinking about the probable relation of expressed intentions to buy during the next 12 months to purchases during the preceding 12 months, two hypotheses come to mind, one postulating a negative and the other a positive relation. First: After having bought a car, say, in 1966, the probability of buying a car in 1967 should be small. Therefore, in general, the proportion of intenders should be higher among the nonbuyers than among the buyers. Second: A similar situation prevails in two consecutive years; younger families with relatively high income and an upward income trend should continue to buy durables in two consecutive years, while older, lower-income families without an upward income trend should continue not to buy. Which of the two tendencies would prove stronger can hardly be predicted *a priori*.

We shall study the relation between past and intended purchases first by considering together all four types of durables. Among those who did not buy durable goods in 1966, 32 percent planned to buy some in 1967, while among those who bought some in 1966, 45 to 62 percent planned to buy. Table 9-5 also shows that 44 percent of all families expressed a definite intention to buy; thereof 11 percent were expressed by families who did not buy any durables in the preceding year, 16.5 percent by families who bought one type, and 16.5 percent by families who bought two types of durables. Thus the great majority of intenders consist of past buyers.

Looking next at purchases and intentions to buy individual goods, a somewhat different relationship emerges. Altogether 21 percent of families intended to buy a car; not fewer than 14 percent of these intentions come from those who did not buy a car during the preceding year and only 7 percent from those who did buy (Part A of Table 9-6). The proportion of intenders in the three groups—those who did not buy, those who bought a new car, and those who bought a used car—is fairly similar.

Regarding plans to buy houses, there is, as expected, no repeat behavior at all, while regarding household durables it is fairly frequent. Here again, hardly any respondent reports both having bought a television set and planning to buy a television set (or a refrigerator, etc.), but having purchased one kind of appliance makes it more probable that the family will buy another kind of appliance in the next year. Altogether 24 percent of families expressed a definite intention to buy household durables early in 1967; 10 percent of these came from those who did not buy and 14 percent from those who did buy (Part B of Table 9-6). Similarly, additions or repairs to homes show repetitiveness. Of the 23 percent of intenders, 9 percent did not and 14 percent did make additions or repairs in the preceding year (Part C of Table 9-6). The proportion of intenders is the highest among families who spent sizable amounts on additions or repairs.

Car owners have purchase plans more frequently than nonowners. Among the nonowners only 7 percent, among the owners of one car 15 percent, and among the owners of two or more cars 19 percent expressed a definite intention to buy a car early in 1967.

Next we raise the question regarding the effect of installment debt on buying intentions. It may be argued that debt outstanding

due to recent past purchases should hinder prospective purchases. Therefore one would expect that among families with no installment debt, the frequency of intentions to buy would be larger than among families who owe installment debt, and especially substantial installment debt. This argument, however, is not valid when having or not having debt at the time when intentions to buy are determined is compared with 12-month buying plans. At any given time a substantial proportion of debtors is expected to become debt-free within the next 12 months. Detailed studies indicate that people do buy durables at the time they become debt-free or shortly thereafter. When repayment on past purchases is completed, many people promptly gratify other needs.² Furthermore, incurring debt is again a function of age (younger families with children do so most frequently), of income, and of optimistic income expectations. Among those without debt older people and families with low incomes are common and they are not expected to express buying intentions frequently. In sum, it is again not possible to predict which of the two groups, those with or those without installment debt, would express a larger number of buying intentions.

Tables 9-7 and 9-8 present the findings obtained early in 1967. Outstanding installment debt, expressed in dollars as well as in percent of income, is related in the first table to all buying intentions and in the second table separately to intentions to buy cars and household durables. It appears that the proportion expressing intentions to buy is much higher among those with debt than among those without debt. In other words, the factors making for a continuation of durable goods purchases outweigh the adverse factors. When, however, the debtors are separated among those with relatively small and relatively large debt, the effectiveness of adverse factors becomes apparent. The findings are clearest when intentions to buy individual durables, or when intentions to buy two or more durables are related to the proportion of income used for repaying debt. Among those with debt payments amounting to 1-4 percent of income, 23 percent plan to buy two or more durables, while among those whose debt payments exceed 20 percent of income only 11 percent express such plans,

²See George Katona, Eva Mueller, Consumer Response to Income Increases, Brookings Institution, Washington, D. C., 1968.

EXPRESSED INTENTIONS TO BUY

Planned Expenditures and Long-Term Car Buying Intentions

In addition to asking whether respondents intended to make certain large expenditures, each January-February survey also asks those who do have such intentions how much they expect to spend on each item. Table 9-9 shows the distribution of these answers in the past 3 years regarding new and used cars, all household durables, and additions and repairs, as well as the median amounts to be spent. Planned expenditures on new cars has risen slowly over the past 3 years; those for used cars, household durables, and additions and repairs rose significantly in 1966 and then decreased slightly in 1967. In three recent surveys, intentions to buy cars over a longer time than 12 months were also studied. Those who said they did not intend to buy a car in the next year were asked, "How long do you think it will be before you buy a car?" The results are shown in Table 9-10.³ From 1966 to 1967 a definite trend is apparent in plans to buy a car in a second, third, or fourth year. In November 1967 slightly fewer people than at earlier dates said that they would never buy a car. Table 9-11 shows the distribution of short-run as well as long-run car-buying intentions in February 1967, separately for car ownership groups and income groups. As expected, late-model and multiple car owners, and highincome families, are more likely to intend to buy in the near future, and much less likely to say that they will "never" buy a car or will buy only when it is necessary.

³Some of the findings on long-term car-buying intentions were used in the analysis presented in Chapter 8.

		Intentions	to purchase in 1967
	Purchases in 1966	Fairly definite	Definite and one- half of "might buy"
Cers	28	14	17
Household durables	48	23	28
Additions and repairs	41	19	30
Houses	4	4	7
One item	36.0	30.2	
Two items	23.6	11.5	
Three items	6.4	2.0	
Four items	0.5	0.1	
"Might" buy one or more		9.8	
None	33.5	46.4	
Total	100.0	100.0	
Number of cases: 3,165			

PURCHASES AND INTENTIONS

^aSay that they will or probably will buy cars and one-family houses, household durables, and make additions or repairs to houses (provided the planned expenditure for household durables or additions and repairs exceeds \$100).

COMBINATIONS OF PURCHASE INTENTIONS (Percentage distribution of all families)

Intend to buy	Alone	Plus one other	Plus two others	Plus three others	<u>Total</u>
Cars	6.7	5.3	1.8	0.1	13.9
Household durables	11.2	9.2	2.0	0.1	22.5
Additions and repairs	10.9	6.8	1.5	0.1	19.3
Houses	1.4	1.7	0.7	0.1	3.9

	<u>Combinations of purchase plans</u>
Cars and household durables	5.0
Cars and additions and repairs	3.4
Cars and houses	0.8
Household durables and additions and repairs	6.3
Household durables and houses	2.2
Additions and repairs and houses	0.4

		A	ge of	family	head			
	Under					Age 65	A11	
Intend to buy at least one item	age 25 57	25-34 59	<u>35-44</u> 52	<u>45-54</u> 50	<u>35-64</u> 34	or older 21	families 44	
	57	29	52	50	34	21	44	
Intend to buy two or more items	18	22	19	14	8	4	14	
			Ann		mily in	come		
	Less (\$3,00		\$3,00 4,99		5,000- 7,499	\$7,500- 9,999	\$10,000 or more	
Intend to buy at least one item	19		31		46	52	62	
(ntend to buy two or more items	2		6		13	17	25	
	Education of family head							
	0-8 grades		igh i hool			lus college e training	College degree	
Intend to buy at least one item	27		46		58		52	
Intend to buy two or more items	6		14		21		18	
				R	ace			
			Wh	ite	_	Negro		
Intend to buy at least one item			4	5	_	37		
Intend to buy two or more items			14			9		

TABLE 9-3 INTENTIONS TO PURCHASE IN DIFFERENT POPULATION GROUPS

(Percentage of various family groups)

	Occupation of family head							
	Professionals	Managers	Self- employed	Clerical	Craftsmen			
Intend to buy at least one item	57	63	50	58	53			
Intend to buy two or more items	24	25	15	17	18			

	1	Operatives	Laborers	Farmers	Retired	Miscellaneous
Intend to buy one item	at least	48	36	43	20	38
Intend to buy more items	two or	16	8	12	3	9

RELATION OF INTENTIONS TO BUY TO ATTITUDES (Percentage of various family groups)

PART A		Better	or worse	financia	al positio	on, past a	nd future	
		Continu gain	ous Inter	rmittent gain	Reversal Stagnat		on Decline	
Intend to buy one item	at least	64		53	46	32	34	
Intend to buy more items	two or	26		17	15	8	8	
PART B		Twe	lve-month	busines	s conditi	ons expect	ed	
		Good	Good,	qualifi	ed I	ro-con	Bad	
Intend to buy one item	at least	50		46		36	42	
Intend to buy more items	two or	16 15		15		13		
PART C		Five		iness co	nditions	expected		
		Good q	Good, ualified	Pro-con	Bad, qualifi	ed Bad I)epends	
Intend to buy one item	at least	49	50	45	46	42	42	
Intend to buy more items	two or	17	15	17	16	11	9	
PART D	Eva	luation	of buying	; conditi	ons for 1	arge house	shold good	
		Good	1	ro-con	Unce	rtain	Bad	
Intend to buy one item	at least	50		46	3	2	40	
Intend to buy more items	two or	17		1 2	,	0	11	

		se index			
	F	ght			
1967 Intentions index	Nothing	One kind	Two kinds	Three or four kinds	All families
Intend to buy					
Nothing	20	16	8	2	46
"Might" buy	3	4	3	1	10
One kind	8	12	8	3	30
Two kinds	3	4	4	1	12
Three or four kinds	*	1	1	*	2
Totals	34	36	24	7	100

RELATION OF INTENTIONS TO BUY TO PURCHASES DURING PREVIOUS YEAR (Percentage distribution of all families)

Proportion in each group with definite buying intentions						
32	45	54	62	44		

^{*}Less than 0.5 percent.

.

^aPurchases of and intentions to buy houses, automobiles, household durables, and additions or repairs.

^bDetails may not add to totals due to rounding.

RELATION OF INTENTIONS TO BUY SPECIFIC GOODS TO PURCHASES DURING PAST YEAR (Percentage distribution of families)

PART A	Automob			
	No car	New car	Used car	All families
Will not buy a car	55	10	14	79
Will or might buy				
New car	8	2	1	11
Used car	5	1	2	8
Not ascertained which	1	_*	_1	2
Totals	69	13	18	100

PART B	Large	A11			
	None	\$1-99	\$100-499	\$500 or more	families ^a
Will not buy household goods in 1967	40	3	18	10	71
Might buy	2	*	2	1	4
Will (probably) buy	10	1	8	_4	
Totals	52	5	28	15	100

PART C	Add	itions an	nd repairs o	made in 1966	A11
	None	\$1-99	\$100-499	\$500 or more	families
Will not make additions or repairs in 1967	47	7	10	ö .	70
Might make additions or repairs	4	1	2	1	7
Will or probably will	9	3	6		23
Totals ^a .	60	11	17	12	100

*Less than 0.5 percent.

^aDetails may not add to totals due to rounding.

RELATION OF INSTALLMENT DEBT TO INTENTIONS TO BUY DURABLE GOODS^a (Percentage distribution of all families)

67
intentions for
Two or more durable goods
14
11
17
17
15
17
17
19
23
20
15
11

^aIntentions to buy houses, cars, household durables (over \$100), and additions or repairs (over \$100).

RELATION OF INSTALLMENT DEBT TO INTENTIONS TO BUY CARS AND HOUSEHOLD DURABLES (Percentage distribution of all families)

	Inten	tions to buy in 1967 ⁴
	Саг	Household durables
All families	18	26
Installment debt outstanding, early 1967		
Families with no debt	15	21
Families with debt	21	32
Less than \$200	23	26
\$200-499	26	34
\$500-999	22	29
\$1,000-1,999	17	34
\$2,000 or more	16	35
Ratio of annual installment debt payments to income		
l to 4 percent	28	36
5 to 9 percent	25	32
10 to 19 percent	17	31
20 percent or more	16	14

^aIncludes all families who say they will or probably will and one-half of those who might buy in the next 12 months.

PART A	New and used cars							
		New			Used			
	1965	<u>1966</u>	<u>1967</u>	1965	1966	<u>1967</u>		
Expected price								
Less than \$500	*	*	*	32	23	25		
\$500-999	*	1	*	19	20	29		
\$1,000-1,499	1	1	1	17	17	16		
\$1,500-1,999	3	5	3	9	9	10		
\$2,000-2,499	20	11	11	5	7	7		
\$2,500-2,999	17	17	22	1	2	2		
\$3,000-3,999	32	40	39	3	3	1		
\$4,000 or more	15	14	15	1	1	1		
Not ascertained; don't know amount	12	11	. 9	13	_18	_9		
Total	100	100	100	100	100	100		
Median amount \$	3,070	\$3,220	\$3,240	\$810	\$970	\$860		

PLANNED EXPENDITURE ON INTENDED PURCHASES

(Percentage distribution of families intending to buy)⁴

PART B	Ho	usehold	durables	and	additions	and re	epairs
	House	hold du	rables		Additio	ns and	repairs
	1965	1966	1967		1965	1966	1967
Expected price							
\$1-99	4	3	5		18	14	15
\$100-199	11	14	14		11	14	12
\$200-299	22	21	16		25	25	24
\$300-499	22	24	24		<u> </u>	Ľ	<u> </u>
\$500-749	15	21	16		18	18	18
\$750 ~999	4	3	4				
\$1,000 or more	7	7	11		21	25	21
Not ascertained; don't know amount	15	_7	10			_4	10
Total	100	100	100		100	100	100
Median amount	\$350	\$380	\$370		\$410	\$450	\$430

^{*}Less than 0.5 percent.

^aWill, probably will, or might buy in the next 12 months.

LONG-TERM CAR BUYING INTENTIONS (Percentage distribution of all families)

	All Families				Annual family incom \$10,000 or more			
	Feb. 1966			160.	Feb. <u>1967</u>	Nov. 1967		
Will or probably will buy a car in next 12 months	15	14	16	26	20	26		
Might buy in next 12 months	7	7	5	9	10	6		
Expect to buy in 1 to 2 years	26	7	6	32	10	8		
Expect to buy in 2 to 3 years	20	17	21	32	24	24		
Expect to buy in 3 to 4 years	19	9	9	17	11	11		
Expect to buy 4 or more years from now		10	10		9	10		
Will never buy; only when necessary	21	22	19	7	6	4		
Don't know; not ascertsined	12	14	14	9	10	11		
Total	100	100	100	100	100	100		
Number of cases	2,419	3,165	1,329	625	953	337		

The questions asked were: "Do you expect to buy a car during the next 12 months or so? Does anyone else in the family living here expect to buy a car during the next 12 months? (If no) How long do you think it will be before you buy a car?"

CAR BUYING INTENTIONS--WITHIN CAR OWNERSHIP AND INCOME GROUPS, EARLY 1967

(Percentage distribution of all families)

	¥	Within next 12 months					Never,			
		buy	Мау	' buy	Between 1 and	3 or	buy	Not		Number
	With trade-in	Without trade-in	With trade-in	Without trade-in	3 years	more years	when necessary	ascertained; don't know	Total	of families
All families	9	5	4	3	24	19	22	14	100	3,165
Car ownership										
Owns no car	*	7	*	4	4	5	62	18	100	587
Owns one car										
Late model ⁸	8	3	4 5	1	32	33	8	11	100	552
Not late model	11	6	5	2	25	19	16	16	100	1,149
Owns two or more cars	:									
At least one late model No late model	16 15	2 4	9 7	3 3	34 34	23 19	2 4	11 14	100 100	458 419
Annual family income										
Less than \$3,000 \$3,000-4,999 \$5,000-7,499 \$7,500-9,999 \$10,000-14,999	2 4 9 11 12	3 4 5 7	2 2 3 6 8	1 4 3 3 2	7 16 25 32 33	7 21 24 24 22	59 27 15 9 6	19 22 15 10 10	100 100 100 100	492 441 672 607 653
\$15,000 or more	20	5	7	2	37	14	6	9	100	300

* Less than 0.5 percent.

^aModel years 1964 to 1967.

Note: for comparable data obtained early in 1966, see 1966 Survey of Consumer Finances, Table 4-19.

PART THREE

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THE OUTLOOK FOR CONSUMER DEMAND

INTRODUCTION

CHANGES in consumer motives, attitudes, and expectations are studied in quarterly surveys conducted by the Survey Research Center. These studies provide indications about prospective trends in the demand for automobiles and other durable goods. They also contribute to an understanding of the factors which make discretionary demand increase or decrease. Policy makers in business and government, and public opinion leaders in general, need to know not only what the prospects are but also which developments make for large or small changes in the one or the other direction.

Immediately following each survey, detailed reports are sent to survey sponsors. A few weeks later, a brief release is issued to the press. During the following year, the detailed reports are published in full in this series of monographs, unchanged except for matters of style and the omission of duplications.

It is a central thesis of psychological economics that consumers' discretionary demand is a joint function of willingness to buy and ability to buy. Measurements of changes in ability to buy are available from statistical data collected by government agencies on, for example, consumers' disposable income. The Center's quarterly surveys are concerned with the understanding and measurement of changes in willingness to buy.

In the course of its research over the last 20 years, the Center has pursued two basic questions with respect to willingness to buy. One question concerns the nature of the process by which consumers make decisions and is reflected in studies of the impact of different kinds of information on willingness to buy. The other question concerns finding an appropriate combination of psychological variables to measure changes in willingness to buy for the purpose of predicting changes in consumers' discretionary demand. The Center's Index of Consumer Sentiment was constructed in order to provide one summary figure from the findings of each quarterly survey. It should be emphasized, however, as will be clear to the reader of the next four chapters which detail the findings on willingness to buy from four quarterly surveys conducted during 1967, that the Index tells only part of the story. Changes in a variety of other attitudes not included in the Index add to an understanding of changes in consumer behavior.

Earlier publications by the Survey Research Center indicate that at certain crucial points during the past significant shifts in willingness to buy occurred prior to major changes in durable goods sales.¹ For example, the sharp increase in automobile sales in 1955 was foreshadowed by a rise in consumer sentiment as early as the first half of 1954, and the 1958 recession was indicated by a decline in sentiment in the first half of 1957 (at a time when incomes had not declined). The long upward trend in expenditures for durables from 1961 to early 1966 was matched by an increase in consumer income and an improvement in attitudes.

The Index of Consumer Sentiment reached its peak in August and November, 1965. It declined steadily during each quarter of 1966, recovered about 60 percent of the 1966 decline during the first three quarters of 1967, and lost a sizable portion of that recovery during the last quarter of 1967. It may be useful to summarize the reasons for these substantial fluctuations in the extent of consumer optimism and confidence.

In 1966, as early as at the beginning of the year, the awareness of an increase in the cost of living aroused fears of further inflation and caused many people to feel worse off or to evaluate the general economic prospects less favorably than before. Information on higher interest rates, on a threatened tax increase, and uncertainties about the war in Vietnam were other developments reinforcing the deterioration in consumer sentiment in 1966. On the positive side, consumers remained aware of favorable income trends. A recession in the consumer sector was avoided because the sharp deterioration in willingness to buy was partly compensated for by an improvement in ability to buy.

The partial recovery of consumer sentiment in the first three quarters of 1967 could not be attributed to favorable news. Worries about inflation, high interest rates, and the prospect of a tax increase remained. But people had become habituated to them: The worries, being nolonger new, had lost much of their impact. Nevertheless, the absence of bad news did not suffice to sustain the recovery. Good news was needed to revitalize consumer optimism and it was not forthcoming. In the summer of 1967 economic

¹Correlations between the movements of the Index and expenditures on durables as well as indications of the predictive value of Survey Research Center data over the past 15 years were shown in the Introduction to Part Two of the monograph, 1966 Survey of Consumer Finances.

INTRODUCTION

statisticians frequently argued that a boom was in the making in the consumer sector under the impact of great increases in government expenditures and consumer incomes. The high rate of consumer saving in the winter of 1966-67 was judged to be unusual and not sustainable. The quarterly surveys of the Center, indicating the tenuous nature of the recovery in sentiment, did not support these forecasts and evaluations.

Now-early in 1968-it is possible to shed the light of hindsight on the findings obtained in the quarterly surveys of 1966 and 1967. The increase in GNP (gross national product in constant prices) was smaller in 1966 than in 1965 and was unusually small in 1967 (2-1/2)percent), even though the second half of 1967 was better than the first half. In evaluating the movements of the Index of Consumer Sentiment, reference should be made first of all to the fluctuations in the sales of new cars, the most important item of discretionary expenditures. As indicated by the registration figures for new passenger cars compiled by R. L. Polk and Company and reproduced in the Survey of Current Business, in the first quarter of 1966 (when the Index started to turn down) registrations exceeded those in the first quarter of 1965 by more than 5 percent. In the following three quarters, however, the year-to-year changes were minus 9, minus 2 and minus 6 percent. In the first quarter of 1967 registrations were 17 percent lower than in the first quarter of 1966. (In the second quarter of 1967 they were slightly higher than in the second quarter of 1966; subsequent car sales were affected by an automobile strike.)

A steady and substantial growth in extensions of installment credit to consumers was interrupted in the winter of 1966-67. In the first quarter of 1967—for the first time since 1961—the amount of installment debt repaid exceeded the amount of new credit extended. This change contributed to the widely noted fact that in the 6 months from October 1, 1966 to March 31, 1967 personal saving, as computed by the Commerce Department, rose to the very high level of approximately 7 percent of disposable income. Yet substantially the same saving rate remained in effect in the second, third, and fourth quarters of 1967 when negative saving resulting from extensions of installment credit increased but positive saving in the form of additions to various kinds of savings deposits likewise increased.

It appears therefore that the movements of the Index of Consumer Sentiment correctly foreshadowed the decline in consumers⁹ discretionary demand in the winter of 1966-67 as well as its rather limited improvement in certain periods of 1967. The prospects for 1968, as discussed in Chapter 13, are influenced by the widespread uncertainty that prevailed among American consumers toward the end of 1967.

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THE OUTLOOK FOR CONSUMER DEMAND, FEBRUARY 1967

THE Survey Research Center conducted hour-long personal interviews with a nationwide cross-section of 3,165 families between January 6 and March 6, 1967. This chapter presents a report on that survey issued March 15, 1967.

Highlights

Consumer attitudes and expectations improved significantly during the 3 months prior to February 1967. After declining in each quarter of 1966, the Survey Research Center's Index of Consumer Sentiment had recovered some lost ground by the beginning of 1967. Chart III- 1^1 shows the rapid decline from 102.6 in November 1965 to 88.3 in November-December 1966, followed by an improvement to 92.2 in February 1967.

The change in attitudes during the 15 months beginning with November 1965 may be compared in Chart III-1 with movements of the Index during two past recessions. The decline of the Index terminated earlier and at a higher level in 1966-67 than in 1957-58.

The turnaround in consumer sentiment was more pronounced among upper-income people than in the middle and lower-income brackets (Chart III-2). This was also true of the deterioration during 1966. Upper-income people were highly responsive to both favorable and unfavorable developments during 1966 and early 1967.

It is noteworthy that the improvement in attitudes and expectations from late 1966 to early 1967 was quite uniform. Every one

¹Charts and tables having the prefix "III" (referred to frequently in Chapters 10, 11, 12, and 13) will be found following Chapter 13.

of ten sensitive questions regarding past and expected changes in the personal financial and the business situation showed a small improvement. (Five of these questions are included in the Index; all ten questions are discussed in this chapter.) The fact that the change in the replies to a variety of questions was consistent enhances the reliability of the conclusion that consumers viewed their own and the economy's situation in a more favorable manner in February 1967 than in November 1966.

How did the change come about? Two major considerations emerge from a scrutiny of the survey findings:

- 1. Bad news had become less salient,
- 2. Satisfaction with favorable income trends continued unabated.

During 1966 American consumers had learned of a variety of developments which created doubt and uncertainty. Sizable price increases were resented and led to postponement of some purchases; rising interest rates were thought to hamper business activity; an expected increase in income tax rates was seen as reducing purchasing power; the influence of the war in Vietnam on domestic business was increasingly viewed in terms of inflation and higher taxes rather than of growing employment. But as 1966 gave way to 1967 consumers did not hear of *new* adverse developments. Possibly the news even improved somewhat by February 1967 (lower interest rates, slower rate of price increases). Most pronouncedly, the adverse developments had become familiar by then; habituation had set in and made the unfavorable news less salient and less threatening.²

Each quarterly report issued in 1966 emphasized that in addition to the bad news there was also a favorable development in that year. Income increases remained very frequent and substantial during 1966. About one-half of the respondents in the February 1967 survey reported that their 1966 income was higher than their 1965 income. When asked to compare their 1966 income with that in 1962, not less than 63 percent said that their income had advanced. Satisfaction with a favorable income trend gave rise to optimistic income

²The phenomenon of habituation to news, both bad and good, has been frequently observed during the past 20 years and is discussed extensively by George Katona in his book, *The Mass Consumption Society*, (McGraw-Hill, New York, 1964). Fresh news appears to influence consumer attitudes and consumer spending to a great extent; when the same good or bad news continues over prolonged periods, it loses some of its impact.

expectations. Just as was the case a year earlier, most families could be divided into two almost equal groups: those who expected further income gains in 1967 and those who expected to make just as much in 1967 as in 1966.

The Survey Research Center's report for the fourth quarter of 1966 concluded that "a further deterioration of consumer sentiment appears to be dependent on *new* bad news." Such news did not come, and income trends remained very satisfactory. The February 1967 survey found that consumer sentiment had in fact improved. Yet it appeared that the absence of bad news might not suffice to sustain the improvement. Good news was needed to revitalize consumer optimism.

Index of Consumer Sentiment

The Index rose from 88.3 to 92.2 during the 3 months from November 1966 to February 1967 (Table III-1). Since a change of 1.3 points represents one standard error (as shown in Chapter 14), this increase is highly significant in the statistical sense. If one looks only at families with over \$7,500 income (representing 45 percent of the sample) the increase during the 3 months was fully 6 points. Yet both the Index for all families and for upper-income families remained substantially lower in February 1967 than it had been in the fall of 1965, or even in February 1966. Only a small part of the decline of 1966 was recovered.

Each of the five questions included in the Index showed an improvement from November 1966 to February 1967. The improvement was most pronounced regarding expectations about the personal financial situation during the next year and about the business outlook during the next year. The gains were somewhat smaller regarding the evaluation of recent past changes in the personal financial situation, the evaluation of present market conditions, and expectations about the business outlook during the next 5 years. All five components of the Index advanced to a greater extent among upper-income than among lower-income families.

Income Trends and Income Expectations

Information on income changes and income expectations is presented in two tables. The first three columns of Table III-2 show data from three different surveys, conducted in February of 1965, 1966, and 1967. In each survey, consumers were asked to compare their income in the previous year with their income in the year before that. Income gains were less frequent from 1965 to 1966 (48 percent) than from 1964 to 1965 (55 percent); this is hardly surprising because the growth in incomes from 1964 to 1965 was unusually large. The gains from 1965 to 1966 were as frequent as from 1963 to 1964. By any historical standard, the frequency of income gains during 1966 must be viewed as high. Income declines were reported by only 16 percent of all families in both February 1967 and February 1966.

Early in 1967 respondents were also asked to compare the income they expected to have in the year just begun with what they had made in 1966: 41 percent expected income gains and 46 percent unchanged income. These findings hardly differed from those obtained a year earlier. After several years of widespread income gains, expectations of further gains remained frequent.

In Table III-3 past and expected income changes are related to one another. The proportion of families who not only experienced past income gains but also expected future gains was 28 percent in February 1967 and 30 percent in February 1966. It appears that at both times an upward trend frequently generated optimistic expectations; in other words, levels of aspiration were raised with accomplishment. Younger people with relatively high incomes constitute a large proportion of this group having both past and expected income gains, a group in which purchasers of durable goods are most frequent. Part C of this table shows that among families with incomes of \$7,500 and over the proportion in this group was relatively large (38 percent).

When respondents were asked to compare their 1966 income with what they had made 4 years earlier and with what they expected to receive 4 years hence, the data (presented in Chapter 8) indicate how widespread were both progress and optimism about income in February 1967. Not less than 63 percent of all families reported an increase over the past 4 years, and about two-thirds of such people expected to realize further gains over the next 4 years.

Attitudes toward Personal Financial Situation and Inflation

To be sure, income gains are not identical with an improved personal financial situation. The surveys during 1966 indicated that practically all people were aware of inflation (Table III-6). Most people considered inflation an unfavorable development which deprived them of the full enjoyment of their rising income. (Relatively few people believe that it is because of inflation that their income goes up.) Therefore the opinion, "We are better off than a year ago," was much less common than the report, "Our income is higher than a year ago"; in February 1967 it was 34 as against 48 percent.

Answers to the questions about changes in the personal financial situation are presented in Table III-4. The improvement between the findings in November 1966 and February 1967 consists of a decline in the proportion saying that they were worse off than a year earlier.

When expectations about changes in the financial situation are scrutinized (Table III-5) a somewhat more pronounced improvement is found. Expectations of being worse off a year hence as well as uncertainty about future personal financial progress, both of which had become more frequent in 1966, declined somewhat in February 1967.

In August and November 1966, people's explanation of changes in their financial situation indicated a great increase of concern with and even worry about rising prices. In February 1967, the frequency with which price increases were spontaneously mentioned when respondents were asked to explain the changes in their financial situation declined (to 14 percent from 22 percent in November 1966).

To what extent, in the opinion of American consumers, would prices go up? Table III-8 shows that 36 percent of all respondents, and 46 percent of those respondents with opinions, expected prices of things they bought to go up by 1 or 2 percent in the following 12 months. These data are similar to those obtained in 1966, although the proportion expecting sizable price increases (5 percent or more) declined from August 1966 to February 1967. Only a relatively small inflation was expected by the majority.

Opinions about Business Prospects

The American people were well aware in February 1967 that business conditions had become somewhat less favorable. It can be seen from Table III-13 that current business conditions were evaluated then considerably less favorably than in February 1966. The difference between those who said "business is better" and those who said "business is worse" was 11 percent in early 1967 as against 49 percent in early 1966. In evaluating the February 1967 data in Table III-13, it must be taken into account that in February 1966 business conditions were widely known to be very good. Many people who said that business had remained the same were not commenting unfavorably about current conditions. Still, it remains true that in February 1967 many more people than a year earlier believed that business conditions had worsened, though there was little change in this regard during the 3 months between November 1966 and February 1967.

The change in expected business conditions was much smaller during 1966 (Table III-14). Again, it must be taken into account that the basis for comparison, namely, people's notions about current business conditions, had changed. Nevertheless, it is significant that in February 1967 a somewhat larger proportion than in November 1966 expected business conditions to improve during the next 12 months.

The overall evaluation of business conditions expected during the next 12 months showed a sizable improvement from November 1966 to February 1967 (Table III-11). This question appears to be the most sensitive of all survey questions, in that it shows the greatest fluctuations. The difference between those expecting good times and those expecting bad times was 60 percent in February 1966, 33 percent in November-December 1966, and 46 percent in February 1967. A scrutiny of the explanations given by respondents shows only one sizable difference between November 1966 and February 1967: in early 1967 the proportion referring to the war in Vietnam as an explanation for expected good times during the next year was larger than in November 1966. Opinions about business conditions during the next 5 years likewise improved from November to February, but to a much smaller extent than 1-year business expectations (Table III-12).

Answers to a question about news heard always deserve careful scrutiny. In the course of the year 1966, reports of news about favorable changes in business conditions declined greatly and reports of news about unfavorable changes increased greatly. In February 1967 the proportion reporting favorable news showed an increase (Table III-15). Among the specific items of news reported by respondents, references to changes in interest rates are noteworthy. In February 1967, 4 percent of respondents complained about rising interest rates and tight money as against 7 percent in November and 9 percent in August 1966. In February 1967, on the other hand, 4 percent mentioned with satisfaction that interest rates had declined, while practically no respondents thought so in the 1966 surveys. References to stock market movements were very infrequent in both the February 1967 and the November 1966 survey.

Evaluations of the effect of the war on domestic business did not change substantially during 1966 and early 1967 (Table III-16). Yet in this series as well, deterioration in 1966 and some improvement early in 1967 are noticeable.

A question about the likelihood of a recession was studied with

some interest in 1966, in which year the responses indicated an increase in the proportion of people thinking that a recession was likely to happen again. In February 1967 a somewhat higher proportion than in November 1966 gave this answer. Yet, at the same time, the proportion thinking that a recession was not likely to happen again likewise increased (Table III-17). The intermediate answers expressing uncertainty and inability to form an opinion declined in frequency according to the survey in early 1967. As in the previous surveys, only a very small proportion of consumers expected a recession to occur soon (that is in 1967).

Opinions about Market Conditions and Intentions to Buy

In the last survey of 1966 it was noted that consumers' evaluation of buying conditions had become less favorable. The picture had improved somewhat by February 1967. As may be seen from Table III-20, at this time both the proportion saying that it is a good time to buy large household goods and the proportion saying that it is a bad time were higher than in November 1966; uncertain and "it depends" answers declined in frequency.

During 1966 the deterioration was much more noticeable in changes in the Index of Consumer Sentiment than in expressed intentions to purchase durable goods. The frequency of buying intentions remained fairly high in 1966, and this was also the case according to data obtained early in 1967. Purchases of automobiles and large household goods, as well as intentions to buy, depend not only on willingness to buy, as measured by changes in consumer attitudes, but also on ability to buy, as measured by income trends, and the latter remained favorable.

Intentions to buy automobiles and other durables are subject to seasonal fluctuations. Therefore the data presented for February 1967 in Tables III-22 and III-23 should be compared with the February 1966 and February 1965 data. It appears that between early 1966 and early 1967 there was a small (statistically not significant) decline in the proportion of families expecting to buy a car, as well as in the proportion expecting to buy large household goods. The frequency of plans to make large expenditures on home improvements and maintenance, however, showed a small increase. Plans to buy a house for owner occupancy (either a new or an old house) reached an all-time low in November 1966 and increased in frequency during the following 3 months.

Intentions to buy new cars and intentions to buy used cars pointed in the same direction: both proportions were slightly lower in February 1967 than in February 1966. Similarly, no substantial differences were found when the intentions of each income group were considered separately. Respondents who indicated that they did not expect to buy a car during the next 12 months were asked when, if ever, they would purchase a car. In reply, in February 1967, 23 percent said that theythought they would buy in 1 to 3 years (26 percent said this in February 1966), 19 percent indicated that they would buy in more than 3 years (in February 1966, likewise 19 percent), and 22 percent thought that they would never buy a car (in February 1966, 21 percent).

THE OUTLOOK FOR CONSUMER DEMAND, MAY-JUNE 1967

THE Survey Research Center conducted hour-long personal interviews with a nationwide cross-section of 1,375 families between May 18 and June 22, 1967. This chapter presents a report on that survey issued June 26, 1967.

Highlights

Consumer expectations about personal financial and general economic developments remained virtually unchanged during the 3 months between February and May-June 1967. Yet willingness to buy durable goods—houses, automobiles, large household durables improved somewhat: The proportion of consumers saying that it was a good time to buy durables rose under the impact of war news, expected price increases, an improvement in consumers' savingsdebt position, and less concern with tight money.

It may be recalled that the Index of Consumer Sentiment rebounded from its low point of 88.3 in November 1966 to 92.2 in February 1967, with every one of its components showing an advance. Three months later, in May-June 1967, the Index had risen further to 94.9. Yet it should be noted that (a) the improvement between February and May-June was due to an increase in just one of the five components of the Index, (b) the rate of advance was smaller during these 3 months than during the preceding 3 months, and (c) the Index remained below its level of a year earlier.

For several years prior to 1967, consumers generally had viewed a rising cost of living as an unfavorable development, one which induced many people to postpone some of their discretionary purchases. In May-June 1967, however, an unusually large proportion of people thought that automobile prices would be raised. This opinion, held at the time of the Middle-East crisis, contributed to the feeling that it was a good time to buy durable goods. Consumers' evaluations of buying conditions for large household durables was the sole component of the Index of Consumer Sentiment to advance during the 3 months prior to May-June 1967. It remained to be seen how enduring this particular improvement in sentiment would prove to be. Up to May-June it had had little influence on consumer opinions about prospective business conditions, which remained less favorable than a year earlier.

In view of the sharp deterioration of consumer sentiment during 1966, there was a real threat at year's end of a substantial decline in consumers' discretionary expenditures and therefore of a recession in the consumer sector. Yet the recession was skirted, primarily because the incomes of very many consumers continued to advance. Furthermore, news of unfavorable developments in the economy had a smaller impact on consumers in 1967 than in 1966 because people had become accustomed to such news. Unfavorable news was still reported with greater frequency than favorable news in May-June 1967, although the influence of the international situation on domestic business was seen in a somewhat more favorable manner than it was 6 months earlier.

In summary, then, the findings of the May-June survey did not indicate a sizable upturn in the consumer sector. Good news, either about personal finances, or the general economic conditions, or the international situation, was needed to revitalize consumer optimism and to stimulate consumer expenditures. Unfavorable news, on the other hand, could be expected to enhance uncertainty and uneasiness, and thus promote wait-and-see attitudes.

Index of Consumer Sentiment

Two major considerations led the Survey Research Center to construct and publish an Index of Consumer Sentiment: first, to transmit to students of consumer trends one single measure which summarizes the changes in various attitudes and expectations; and second, to avoid misleading inferences from substantial changes in one kind of attitude which are not reflected in other kinds of attitudes. The second consideration was particularly important in May-June 1967. During the 3 months since February, one component of the Index, evaluation of buying conditions for household durable goods, advanced substantially while the four other components, reflecting attitudes toward personal finances and general economic trends, did not change. The rise in the Index from 92.2 in February to 94.9 in June 1967 was due exclusively to a sharp increase in the proportion of consumers who thought that it was a good time to buy durables. If changes in consumer sentiment were to be judged exclusively on the basis of the other components, the conclusion would have emerged that after an improvement in sentiment from November 1966 to February 1967 attitudes and expectations had remained unchanged during the next 3 months.

The improvement in the one component may be attributed partly to special circumstances: the more favorable evaluation of buying conditions was related to the expectation of higher prices, especially for automobiles. Therefore the presumption that demand for automobiles in the summer of 1967 might be enhanced by borrowing from later demand could not be contradicted. Nevertheless, conclusions about consumer trends might best be based on the Index as shown in Table III-1,¹ that is, on five rather than on four components.

This conclusion was strongly reinforced by the movements of the Index for upper-income families. During the 3 months from February to May-June 1967 the attitudes and expectations of survey respondents with a family income of more than \$7,500 changed in a manner different from those of lower-income respondents (and therefore all respondents). Among upper-income people not only the evaluation of buying conditions but also each of the four other components of the Index improved somewhat from February to May-June. Moreover, the upper-income Index in May-June 1967 reached a higher level than in May 1966 (even though it was still considerably lower than November 1965, as may be seen in Chart III-2). It has sometimes happened that an upward trend was signaled earlier and to a greater extent by upper-income than by lower-income people. Although this past experience did not guarantee a similar development following the May-June 1967 survey, the possibility weakened the relatively unfavorable conclusions derived from the movements of the various Index components for all families.

Good or Bad Time to Buy Durable Goods?

For approximately 20 years the Survey Research Center has asked survey respondents to evaluate buying conditions for automobiles, large household durables, and one-family houses. Over much

¹Charts and tables having the prefix "IIF" (referred to frequently in Chapters 10, 11, 12, and 13) will be found following Chapter 13.

of this period consumers' evaluations were relatively stable, even though they were influenced by (a) general economic conditions (in times of upswing an increasing proportion said "It is a good time to buy because people can afford to buy" and vice versa), (b) notions about supply conditions (satisfaction or dissatisfaction with the assortment offered was mentioned as a reason for saying it was a good or bad time to buy), and (c) past and expected price trends. In regard to the last point it was found over many years that price stability or the availability of good buys (such as "cars can be bought at substantial discounts") increased the proportion saying that it was a good time to buy, while the notion that prices had been rising or were going up increased the proportion saying that it was a bad time to buy. Furthermore, awareness of rising living costs induced many people to say that one could not afford to buy durable goods.

It was also found over past years that the three separate questions asked about buying conditions for automobiles, household durables, and houses changed in a similar manner. There appears to have been some form of generalization or carryover from one kind of durable good to another.

Some of these conclusions from earlier experiences were contradicted in 1966-67. In 1966 the evaluation of buying conditions worsened substantially. The deterioration began regarding buying conditions for one-family houses. In the summer of 1966 the widespread awareness of rising interest rates and of tight money induced more respondents to say that it was a bad time to buy a house than that it was a good time. By November 1966 the evaluation of buying conditions for automobiles had also dropped sharply and that for household durables to a smaller extent. Awareness of inflationary trends was a major factor leading people to say that it was a bad time to buy durables.

The May-June 1967 survey revealed a sizable improvement in all three evaluations of buying conditions (Table III-20). Complaints about high interest rates and tight money declined substantially and there was even some mention of lower interest rates. Yet this consideration was of major importance only regarding houses: In May-June only 13 percent said that it was a bad time to buy a house because credit was tight, as against not less than 34 percent in November 1966 (Table III-21). For cars and household durables, credit considerations were far overshadowed by price considerations. The proportion saying that it was a *bad* time to buy houses, cars, and durables because prices were going up declined and the proportion saying that it was a *good* time to buy because prices were going up and wouldn't come down increased. In addition, an increased proportion said that good buys were available. Before discussing price trends further, it should be pointed out that the improved evaluation of buying conditions was also related to other, possibly more lasting, considerations. Satisfaction with income increases and also with increased financial savings represented one such factor, and an improved debt situation another. During the few months before May-June 1967 a sizable number of consumers had become debt free.

In past years the notion that one should buy in advance of inflation and thus beat inflation was very infrequent.² This notion was held by an increased proportion of consumers in May-June 1967.

After asking for their evaluation of buying conditions for cars, respondents are traditionally queried, "Why do you say so?" Although a sizable proportion mentioned car prices in this connection in May-June, it was assumed that many more people might hold such opinions even though they did not mention them spontaneously. Therefore, the remaining respondents were asked, "You did not mention auto prices, what do you think will happen to them?" Table 11-1 combines the responses to both questions.

TABLE 11-1

May-June 1967	All families	Families with incomes of \$7,500 or more
Car prices have gone up	6	5
Car prices will go up	65	76
Neither	29	19
Total	100	100

EXPECTATIONS ABOUT AUTOMOBILE PRICES (Percentage distribution)

Never before in the Survey Research Center's experience had increases in car prices been mentioned as frequently. In November 1966 only 47 percent thought that car prices would go up. In some earlier years the proportion was as low as 30 percent.

 $^{^2}$ See Chapter 11, 1966 Survey of Consumer Finances, pp. 232 and 236, and Tables 11-2 and 11-5 in that monograph, for a discussion of changes in this attitude.

Some respondents volunteered comments that the expected price increases were due to safety features. Two questions were asked about the problem of car safety in the May-June 1967 survey (the same questions were also included in the August 1966 survey). To the first rather general question, as expected, the majority of respondents replied that they were concerned with car safety. There was no significant change in this respect from August to May-June (Table 11-2). In reply to the more specific question, "Do you think the talk about the safety of cars has had any effect on people's plans to buy cars?", a relatively small proportion of respondents answered in the affirmative in August 1966; a larger proportion, but still much less than half of all people, gave this answer in May-June, 1967.

TABLE 11-2

CONCERN WITH AUTOMOBILE SAFETY

(Percentage distribution of all families)

Car safety is of:	August 1966	May- June 1967
Great concern	44	48
Little concern	27	28
No concern	22	21
Don't know;		
not ascertained	7	3
Total	100	100
Effect of talk about safety on plans to buy cars:		
Yes; had an effect	18	31
Yes; had some effect	4	7
No; had no effect	67	53
Don't know; not ascertained	11	
Total	100	100

The questions asked were "Recently there has been much talk about the safety of cars. Is this a matter of great concern to you, of little concern, or of practically no concern? Do you think this talk about the safety of cars has had any effect on people's plans to buy cars?" Close to one-half of those who said that safety has an effect on people's car purchases explained that in their opinion some people were waiting for safer cars. However, these opinions were found to be unrelated to expressed intentions to buy.

It appears therefore that the extensive discussion of car safety had made the American people safety-conscious. Yet safety could not be viewed as the paramount consideration influencing automobile buying. As described before, respondents' discussion of the market for automobiles more frequently concerned considerations *other* than auto safety. Yet the inclusion of safety features in the 1968 model cars contributed to the prevailing belief that car prices would be raised. The effect of expected price increases, mentioned previously, that one should buy a car before prices go up, might have been partly counterbalanced by those relatively few people who thought of delaying purchases until the safer cars had become available.

Intentions to buy new cars were expressed in May-June 1967 by a somewhat greater proportion of consumers than in the previous year (Table III-22). Because of seasonal variations in expressed buying intentions and the relatively small (statistically not significant) changes from one survey to the next, the justified conclusion on the basis of the new data was that inclinations to buy cars were on a fairly high level in May-June 1967. Regarding major appliances no recent increase was noticeable, but the changes were rather small in this series as well. Intentions to buy houses for owneroccupancy had already recovered somewhat by February 1967. There was no further gain during the 3 months prior to May-June even though the evaluation of buying conditions for homes had improved greatly from the fourth quarter of 1966.

Personal Financial Prospects

Consumers' evaluation of their current financial position as compared to a year earlier as well as to a year hence remained virtually unchanged from February to May-June 1967 for all families. (Tables III-4 and III-5.) The improvement noticeable in February, consisting of a reduction in the proportion saying "Worse off" and "Will be worse off," did not continue. But among upper-income families both measures of well-being improved during the 3 months to May-June.

The previous chapter pointed out that more people expected income increases than said that they would be better off. The same

situation prevailed in May-June as may be seen from a comparison of Tables III-2 and III-5.

The difference between expecting higher income and expecting to be better off during the next year was much smaller than the corresponding difference concerning past trends. (See the data for February 1967 in Tables III-2 and III-4.) Some people reported fairly small past income gains, which did not make them feel better off, while only those who expected noticeable income gains spoke of higher future incomes. More importantly, price increases seemed to detract from satisfaction with income trends to a much larger extent when past rather than when expected developments were discussed.

The reasons given for being better or worse off were unchanged from February 1967. In May-June, 35 percent of all respondents explained that they were better off because their income had gone up. In addition, 5 percent pointed to greater financial assets; likewise 5 percent cited lower debt payments. (These data contain some duplications because respondents were given the opportunity to mention two reasons.) On the other hand, higher prices were given as a reason for making the family feel worse off by 15 percent of all respondents and increased expenses by 7 percent. Lower income was mentioned by 10 percent. In all these respects the changes from February were minor.

Opinions about Business Prospects

The evaluation of business prospects during the next 12 months is the attitude which in many past years has influenced fluctuations in consumer sentiment to the largest extent. As may be seen from Table III-11, there were only minor changes in this series between February and May-June 1967, although the 3 months prior to February had shown substantial improvement in these opinions. The May-June data remained much less favorable than those obtained before the deterioration in consumer sentiment during 1966, and this was true of the opinions not only of all respondents but also of upper-income respondents. The same held true for 5-year business expectations (Table III-12), a question which likewise yields indications of underlying optimism or pessimism. Opinions about trends during the next 5 years hardly improved from November-December 1966. Viewed in the perspective of several years, the proportion who said in May-June that "we'll have good times during the next 5 years" was fairly low.

Another question about business prospects, formulated in a somewhat different manner, is asked in each quarterly survey. In

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addition to the question regarding good or bad business conditions during the next year (Table III-11), respondents are also asked whether "a year from now . . . business conditions will be better or worse than they are at present." Table III-14 indicates that the answers to this second question became more optimistic not only from November-December 1966 to February 1967, but also from February to May-June. Although the majority of both lower-income and upper-income people thought that conditions would be the same in June 1968 as they were in May-June 1967, the proportion expecting an improvement was far greater than the proportion expecting a deterioration. The belief that an upward trend was forthcoming had gained many adherents since the last quarter of 1966. A sizable proportion of respondents said that business was worse than it had been a year ago but would improve during the next 12 months.

Major reasons given for expecting good times during the next 12 months included awareness of good business conditions, high employment, and high incomes. In these respects there was hardly any change since February. But spontaneous references to the international situation in explaining opinions about business prospects increased in the May-June survey (conducted at the time of the Middle-East crisis) as follows:

	February 1967	May-June 1967
International situation makes for good times:	16 percent	22 percent
International situation makes for bad times:	5 percent	9 percent

Since mid-1965, replies to a direct question have revealed many more people believing that the war in Vietnam was having a favorable impact on domestic business conditions than holding the opposite view (Table III-16). Findings from the May-June survey show some improvement in this respect over February. The answers to this question correlate with the answers to the question on business conditions during the next year.

When respondents were asked to tell about favorable or unfavorable business news they had heard during the past few months, the proportion unable to tell of any news was fairly large in May-June 1967 (Table III-15). Yet the proportion mentioning favorable news increased slightly, and the proportion telling of unfavorable news decreased significantly. Reports on unfavorable news still outnumbered reports on favorable news. In scrutinizing the specific items of news reported, the only noteworthy change since February was a decline in the frequency of references to tight money. Price trends still constituted important news. Tables III-6 and III-7 show that the American people overwhelmingly continued to think: (a) that the prices of things they bought would go up during the next year and (b) that the price increases were an unfavorable development. There were not great changes in these respects during the months prior to May-June 1967.

In 1966 the proportion of people thinking that a recession was likely to happen again or might happen again increased substantially. After August 1966 the answers to this question changed very little. In May-June 1967, 47 percent thought a recession likely or possible, while 35 percent said that a recession was not likely to happen again. (The other 18 percent had no opinion.) Although the majority of people with opinions continued to feel that our economy was not recession-proof, only one in five believed in May-June that a recession might occur within the next few years.

Opinions About Interest Rates

Questions were asked in the May-June survey about recent changes and expected changes in the credit situation, especially as they might affect the purchases of houses. It was mentioned earlier in this chapter that concern with tight money and with high interest rates was much less pronounced in May-June than was the case in 1966. Yet specific questions about whether, in the opinion of respondents, there had been any recent changes in the availability of mortgage credit, or in the interest rate charged on mortgages, did *not* reveal a favorable state of mind.

True, the proportion of people thinking that mortgage credit had become more easily available was much larger than the proportion thinking that it had become less easily available. (This was especially true of high-income people.) But the proportion saying that the interest rate charged for mortgage credit had declined was lower than the proportion saying that the rate had increased. (The two proportions were the same among people with incomes of \$10,000 or more.) In answer to both questions, the majority of respondents either had no opinion or thought that there had been no change (Table Regarding expected changes in interest rates, pessimists 11-3). continued in May-June 1967 to outnumber the optimists, although there was some improvement in expectations since November-December. This question was asked about forthcoming changes in interest rates in general, rather than about interest rates on mort-The proportion of people expecting a decline in interest gages.

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rates increased from November-December 1966 to May-June 1967, but nevertheless remained lower, even among high-income people, than the proportion expecting an increase (Table III-19).

TABLE 11-3

CHANGES IN CREDIT AVAILABILITY AND INTEREST RATES (Percentage distribution)

Recent changes in availability of mortgage credit (May-June 1967 data)			Recent changes in interest rate chan on mortgages (May-June 1967 data)		
	All families	Families with annual income of \$10,000 or more		All families	Families with annual income of \$10,000 or more
More available	31	52	Decreased	16	28
Less available	15	13	Increased	21	27
No change	1 6	13	No change	22	23
Don't know; not ascertained	38	22	Don't know; not ascertained	41	22
Total	100	100	Total	100	100

The questions asked were "Thinking about mortgage credit to buy houses, in your opinion have there been any changes in the <u>availability</u> of mortgage credit during the last few months? (What kind of changes?) How about the <u>cost</u> of home financing; in your opinion have there been any changes in the <u>interest rate</u> charged on mortgages during the last few months? (What kind of changes?)"

In contrast to those who expected interest rates to advance, those respondents who expected interest rates to decline or to stay where they were tended to say more often that the next year would be a good time to buy houses or durable goods; yet this difference was small. With respect to intentions to buy houses, opinions about the future course of interest rates apparently did not make much difference. But regarding large additions or repairs to houses, 29 percent of those who thought that interest rates would decline or stay the same had such plans, as against 24 percent among those who expected interest rates to rise.

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THE OUTLOOK FOR CONSUMER DEMAND, AUGUST 1967

BETWEEN August 22 and September 7, 1967, the Survey Research Center used the telephone to reinterview a nationwide cross-section of 1,321 respondents previously interviewed in person. This chapter presents a report on that survey issued September 15, 1967.

Highlights

The Survey Research Center's Index of Consumer Sentiment showed continued improvement in August 1967. It rose from the fourth quarter of 1966 to the first quarter of 1967, again in the second quarter of 1967 and, according to the August survey, further in the third quarter of 1967. The recovery during the entire 9-month period amounted to 8.2 percentage points, while the decline during the 12 months before that had been 14.3 percentage points (Chart III-1 and Table III-1¹).

Optimistic indications derived from the improvement of the Index during the first 9 months of 1967 were tempered by the following considerations in August:

1. The various components of the Index did not show uniform improvement. While people's evaluation of recent changes in their personal financial situation and of current buying conditions improved greatly, almost to the high levels of

¹Charts and tables having the prefix "III" (referred to frequently in Chapters 10, 11, 12, and 13) will be found following Chapter 13.

1965, expectations about business trends and personal financial prospects improved to a much smaller extent and remained far below the 1965 levels.

- 2. The Index calculated for upper-income families remained stable during the 3 months from May-June to August 1967. However, this Index had advanced during the preceding 6 months more than the Index for all families (Chart III-2).
- 3. Replies to certain questions not included in the Index, but usually of significance for the assessment of the outlook for consumer demand, failed to improve in the 3 months prior to August. The proportion of people believing that business conditions would become better over the next 12 months remained fairly low. Reports about unfavorable business news recently heard continued to be given by more people than reports about favorable news.

Among the factors which contributed to the improvement of consumer sentiment, income developments and the evaluation of the effects of the war in Vietnam on domestic business must be mentioned. In the August survey the proportion of families who reported making more money than a year ago remained close to record levels and the proportion who reported making less money was unusually small. A high proportion of respondents continued to think that Vietnam stimulated the domestic economy.

Most Americans believed that the prices of the things they bought would go up and a fair proportion expected sizable price increases. Among all respondents 31 percent expected prices to go up by 5 percent or more during the next 12 months. Among many people the expected price increases made for pessimism regarding personal prospects. About one-half of all families expected their 1967 income to be higher than their 1966 income; among these families not less than 60 percent said that prices would go up more than their income. The latter expectation indicates the extent of concern with inflation in August 1967.

Increases in automobile prices were expected by very many people. The opinion that the next year would be a good time to buy a car did not become more frequent between May-June and August, while the opinion that it would be a good time to buy major household goods (and houses) did improve.

Most respondents believed that there might be an increase in income taxes. Yet only about one-half of those respondents who expected an increase thought that it would have an effect on business conditions. Most of the people who foresaw effects on business spoke of a reduction in demand; practically nobody mentioned a dampening effect of a tax increase on inflation. The overall reaction to a tax increase was overwhelmingly unfavorable: Higher taxes would make it more difficult to make ends meet—this was the opinion most frequently expressed.

Disregarding any effects of the automobile strike, the August survey findings led to the conclusion that consumers' discretionary expenditures during the 1967 Christmas season and early in 1968 would probably be larger than a year earlier. But there were no indications of consumers going on a spending spree.

Personal Financial Prospects

Consumers evaluated recent changes in their financial situation considerably more favorably in August 1967 than in August 1966 (Table III-4). The reduction in the proportion saying that they were worse off than a year ago was noteworthy. In the 3 months since May-June, the improvement occurred primarily in the lower-income and middle-income groups. Respondents who said they were better off explained their opinion to an increasing extent by reporting about pay increases. Working longer hours was also reported by a sizable proportion of the sample.

The proportion of respondents saying they were better off continued to be lower than the proportion saying they were making more money than a year earlier (35 and 44 percent, respectively, in August 1967). Similarly, the proportion saying they were worse off was higher than the proportion saying they were making less (16 and 12 percent). To the usual probe, "Why is that," which is asked following the question "Are you better or worse off than a year ago," a sizable proportion referred to higher prices or an increase in the cost of living. In August 1967 not less than 17 percent of all respondents, somewhat more than in the surveys conducted earlier in the year, gave this spontaneous explanation. It appears therefore that concern with inflation was salient among American consumers.

The relation of "We are better off" answers to "We are worse off" answers was more favorable in August 1967 than 3 or 6 months earlier. The same could not be said about the relation of "We will be better off" answers to "We will be worse off" answers. As can be seen from Table III-5 the proportion saying that "a year from now" they would be better off financially declined somewhat during the 3-month period. The lesser optimism about personal financial prospects appeared to have been caused by concern about prospective tax increases, discussed below.

Not every American family participated in the upward trend

of personal incomes. To the question, "How do you think your family income for this year, 1967, will compare with last year, 1966—will it be higher or lower?" 48 percent of respondents said in August that their 1967 income would be higher (Table III-2). This was a larger proportion than was obtained to the same question in February 1967. Probably uncertainties early in the year about rates of pay or other forms of income became clarified by developments as the year progressed. Therefore some people who said in February "about the same" or 'I can't say" shifted to definite answers in August (mostly to the answer "higher," but also to the answer "lower").

It should be remembered that during the last two decades the largest proportion of families reporting past income increases from one calendar year to the next was 55 percent; this figure was obtained early in 1966 when family income in 1965 was compared to that in 1964 (see the second column of Table III-2). Therefore the 1967 trend in income had to be judged as very favorable from the August reading.

Opinions About Business Prospects

People's expectations about business conditions for the next 12 months showed a sizable improvement during the first three quarters of 1967. In August the proportion expecting good times during the next 12 months (63 percent) exceeded the proportion expecting bad times (15percent) by 48 percentage points (Table III-11). In November-December 1966 the difference was only 33 percentage points. Yet during the prosperous year 1964 and 1965, differences as large as 60 percentage points were common. A scrutiny of the data about business conditions expected during the next 5 years yields a somewhat similar picture (Table III-12). For both questions the improvement between May-June and August 1967 was quite small.

In explaining favorable business expectations, people referred in August to satisfactory trends in employment and purchasing power, as well as to favorable effects of the war in Vietnam. Adverse opinions were related to specific news about race riots, strikes, price increases, and tax increases. Many people who did not express definite expectations regarding business trends over the next 5 years said that business prospects depended on the international situation.

Changes in people's appraisal of the effects of the war in Vietnam on domestic economic conditions are shown in Table III-16.

In August 1967 many more people thought that the war was a stimulant to the economy than emphasized the influence of the war on prices and taxes. The August findings continued the steady increase since November-December 1966 in the difference between favorable and unfavorable opinions about the economic effect of the war.

Although 63 percent of respondents said that there would be good times during the next 12 months (Table III-11), only 21 percent thought that business would improve over the next 12 months (Table III-14). The relatively low percentage expecting further improvement indicates the cautious appraisal of prospects prevailing in August 1967—even though the proportion expecting a deterioration of business conditions was small and the majority of respondents thought times would be about the same a year later.

Table III-15 presents data on the kind of business news respondents reported when asked to tell about news they had heard. In some earlier years, for example 1965, reports of favorable news far exceeded those of unfavorable news. However, the relationship turned around in May 1966 with respondents reporting more unfavorable than favorable news. The adverse relation between the two kinds of news continued in August 1967, at which time it prevailed in each income group. Again it is significant that the favorable news reported was rather general (for example, "business conditions improved"), while the unfavorable news was more specific (tax increases, price increases, tight money, labor unrest).

On the other hand, people's expectations about unemployment were relatively favorable in August compared to February 1967 (Table III-18). The proportion expecting a decline in unemployment exceeded the proportion expecting an increase.

Concern with Inflation

Responses to a general question about price expectations for the next year were no longer of much interest by mid-1967 because with the exception of a few people, primarily uninformed people in the lower-income groups, all respondents expected prices to go up and practically everybody disliked the prospect (Tables III-6 and III-7). Of greater interest was a follow-up question about the extent of the expected price increases. Even in this respect, changes between February and August 1967 were relatively minor (Table III-8). In both surveys, more than one-third of respondents thought that the prices of things they buy would go up by only 1 or 2 percent during the next 12 months. But another sizable proportion-close to onethird-thought that price increases of 5 percent or even more were probable. There were no significant differences in this respect between low-income and high-income people.

Price increases are particularly damaging to the substantial proportion of the population which does not participate in the rising trend of incomes. In order to study the impact of rising prices on those who do participate, all those who thought that their income would be higher in 1967 than in 1966 (see Table III-2) were asked the following question: "Which do you think will go up more during the next 12 months, your income or the prices of the things you buy?" In reply, more than twice as many respondents thought that prices would go up by more than their incomes than expressed the opposite opinion (Table III-9). These answers could hardly be taken at their face value since increases are most commonly in excess of 5 percent while price increases are more frequently estimated at less than 5 percent. These opinions were nevertheless significant: They indicated the extent to which people were concerned with inflation.

Still looking just at those people who expected their income to go up, Table III-9 also shows that a larger proportion of low-income people expected price rises to outdistance their income gains than was the case for high-income people. Again, this finding does not indicate necessarily that percentage income gains rise with income. It does indicate that the lower the income, the greater the concern with the rising trend of prices.

In addition to inquiring about the trend of prices in general, a question was asked in the August 1967 survey specifically about car prices. The replies to the two questions were quite similar. Most people-83 percent of all respondents, 70 percent of low-income and 93 percent of high-income respondents-expressed the opinion that auto prices would increase. This finding points to the very great interest of the American people in automobiles; otherwise the proportion of "Don't know" answers would have been much higher. In response to an additional probe, 32 percent of all respondents (37 percent of respondents with more than \$7,500 income) said that car prices would go up "a lot," and 45 percent of all respondents (48 percent of respondents with \$7,500 or more income) that they would "go up a little." There is some justification for the conjecture that "little" price increases cause little concern. It appeared, therefore, that in August 1967 about one-third of all people were definitely concerned with the forthcoming increase in car prices.

Questions about respondents' evaluations of buying conditions for automobiles and household goods reflect, in part, people's perception of price trends. (They also reflect reactions to the assortment of goods offered). These evaluations improved substantially from February to May-June 1967, and the report on the May-June survey (Chapter 11) attributed this to a large extent to the notion that it was a good time to buy automobiles before prices went up. In an August survey, the question about buying conditions for automobiles relates primarily to the new car model year. Nevertheless, from May to August 1967, although there was very little deterioration, there also was no improvement in the opinions about buying conditions for cars (Table III-20). On the other hand, opinions about buying conditions for household goods showed a small improvement between May-June and August. Probably expectations of an increase in appliance prices were less widespread than expectations of an increase in car prices.

Among respondents who say that it is a good time to buy cars, intentions to buy are much more frequent than among those expressing the opposite opinion. In August 1967 of those saying that it was a good time to buy a car, 22 percent expressed plans to buy a car during the next 12 months, while among those who said "bad time" the proportion with buying plans was 10 percent.

It appeared from these data that the expectations of an increase in car prices had an adverse influence on automobile demand. Yet from May-June to August neither evaluations of buying conditions for cars nor the relation of different evaluations to buying plans changed. Therefore expressed intentions to buy cars, and especially new cars, also changed very little during these 3 months (after making seasonal adjustments). The August level of car-buying intentions was fairly high, although below record levels (Table III-22).

August 1967 intentions to purchase large household durables likewise were little changed from either May-June 1967 or August 1966. The improved evaluations of buying conditions shown in Table III-23 did not seem to affect buying plans to any significant extent, even though a correlation exists between the evaluations and the intentions.

The evaluation of buying intentions for houses was greatly depressed in the fall and winter of 1966-67 when tight money and rising interest rates made great news. But already in May 1967 many more people thought that it was a good time to buy a house than in November 1966, and fewer people said that it was a bad time. These opinions improved further in August 1967 (Table III-20). Intentions to buy houses for owner occupancy recovered somewhat during the first half of 1967, but showed little change between May-June and August 1967.

Viewed in a historical perspective, the evaluation of buying conditions for houses was still not favorable in August 1967. People's

opinions about the trend of interest rates are relevant in this respect. In August 1967 four out of five respondents expressed an opinion about the future trend of interest rates and more than onehalf of these respondents thought that interest rates would stay where they were at that time, that is, would remain fairly high (Table III-19). Among the respondents who expected a change in interest rates, those who thought that the rates would go up were far more numerous than those who thought they would go down. (Probably the expected changes were not substantial.) Therefore the major conclusion that could be drawn from the data was that consumers did not expect an improvement in the financing of residential construction.

Concern with a Tax Increase

The American people appeared to be fairly well informed in August 1967 about a number of important recent developments. Some have already been mentioned: general price trend, the trend of automobile prices, and the high level of interest rates. People were also aware of the discussion about an increase in incometaxes.

Several questions were asked in the August survey about the prospect of a tax increase. In reply to the first question, "Do you think there will be any changes in federal income taxes during the next year?", 80 percent of all respondents (90 percent of respondents with more than \$10,000 income) answered in the affirmative. Practically all these respondents said in reply to a following question, "What kind of change do you expect?", that income taxes would be increased.

"Do you think this tax increase will have any effect on business conditions?", was the next question, addressed to the great majority of respondents who indicated that they expected a tax increase. Only about one-half of these respondents said that the tax increase would have an effect on business conditions, and even among high-income people the proportion was only slightly larger. Onefifth of respondents were uncertain, while nearly one-third expressed the opinion that the tax increase would not influence business conditions at all.

The final question in the series consisted of an inquiry regarding the kind of effects the tax increase would have on business conditions. As usual, there were respondents who did not give a clear answer to this question. But over two-thirds of those to whom the question was addressed spoke of a reduction of spending or a slowing down of business as a result of higher taxes. People who expressed this opinion were less optimistic than other people regarding their personal financial prospects or the business outlook. Therefore it is probable that the prospect of higher taxes depressed the Index of Consumer Sentiment in August 1967.

References to prices or inflation were very rare in reply to the open question about a tax increase, "What kind of effects do you expect?" Less than 1 percent of all respondents said that the upward trend of prices would be restrained by higher taxes. Proponents of the tax increase in 1967 could argue that people's expressed opinions about the effects of the tax increase were in full accord with the purposes of the tax increase: A reduction of consumer demand or business sales automatically serves to curb inflation and therefore there is no need for consumers to have inflation specifically in mind. Yet it is worth noting that for people in general the connection between a tax increase and lessened inflation was far from salient in August 1967. Probably the inflationary trend was seen to have such powerful determinants that in the opinion of most people it could hardly be influenced by a tax measure.

13

THE OUTLOOK FOR CONSUMER DEMAND, NOVEMBER 1967

THE Survey Research Center conducted hour-long personal interviews with a nationwide cross-section of 1,329 families between October 30 and December 4, 1967. This chapter presents a report on that survey issued December 13, 1967.

Highlights

Consumer sentiment deteriorated between August and November 1967. Primarily because consumers believed that inflationary price increases were in the making, business prospects were viewed with less optimism and confidence toward the end of 1967 than in the summer and fall.

The overall changes in consumer attitudes and expectations during the last 2 years are shown in Chart III-2 and Table III-1.¹ From November 1965 to November-December 1966 the Index of Consumer Sentiment declined steadily and substantially. Then, in the first 9 months of 1967, about 60 percent of the 1966 decline was recovered. From August to November 1967, however, about 40 percent of that recovery was again lost.

The November 1967 findings were not unexpected in view of what had transpired earlier in the year. Surveys in the first three quarters of 1967 revealed an improvement in consumer sentiment and willingness to buy that was only moderate; they did not lend support to the opinion that a consumer boom was in the making.

¹Charts and tables having the prefix "III" (referred to frequently in Chapters 10, 11, 12, and 13) will be found following this chapter.

While in 1966 rising prices, rising interest rates, and the prospect of higher incometaxes made news and seriously dampened consumer confidence, by 1967 the same unfavorable news had become less salient. However, the absence of any favorable news made the recovery of sentiment in 1967 tenuous.

Inflationary expectations became more salient in the fall of 1967. In November more respondents than earlier in the year reported having heard unfavorable news, including frequent mention of price increases. When giving reasons for being worse off than a year ago, or for expecting economic prospects to be clouded, price increases were the only consideration to which respondents referred with great frequency. The proportion of consumers who expected sizable price increases was substantially higher in November 1967 than earlier in the year. In November, 36 percent of all respondents and 41 percent of respondents with over \$7,500 income thought that prices of the things they buy would rise by more than 5 percent within a year. The attitudes and expectations of these people were much less favorable than those of others who believed that prices would go up to a lesser extent.

The majority of American families continued to believe in November that prices would advance at a faster rate than their incomes. This expectation, which is contrary to past experience, both indicated and contributed to uncertainty and reduced confidence. It should be noted that consumers' experience with rising prices occurs rather frequently and news about price increases is continuous, in contrast to income gains which occur selectively and infrequently. This may explain the finding that the impact on sentiment of what happened to prices outweighed the impact of income developments.

The outlook for housing (construction of one-family houses) and for automobiles was somewhat more favorable in November 1967 than a year earlier. The former was not surprising because in the fall and winter of 1966 consumer plans to buy homes were greatly depressed by a shortage of mortgage funds. Regarding the automobile outlook it may suffice to say here that over several previous years the automobile industry had profited from a favorable price situation: The price of many consumer goods rose more than the price of cars. The increase in the price of 1968 model cars did not appear to have changed this relationship greatly, as indicated by the finding that expressed intentions to buy cars were higher than a year earlier. If stable prices were called the best thing, moderate price increases which were thought to be justified could be considered the second best thing. The November 1967 survey revealed that consumers in general understood why the 1968 car prices had been raised. They did not think that the price increases mattered a great deal and they were willing to pay extra money for safety features on their cars.

The November 1967 survey findings on inflationary fears and the decline in consumer optimism should not be overestimated. First, the decline in the Center's Index would have to be confirmed over a longer period than a single quarter before it could be said that a downward trend had been established. Secondly, the level of the Index in November 1967 was still above its low point a year earlier. For the most part, consumers were uncertain but not pessimistic. A substantial proportion of consumers remained optimistic. These people were aware of the prevailing good times, thought that they would continue, especially in view of the trend in government expenditures, and were impressed by the rising trend of incomes and purchasing power. The war in Vietnam, although contributing to uncertainty, was viewed by the great majority of consumers as a stimulant to the domestic economy. Third, movements of the Index do not reflect changes in consumers' ability to buy, nor is the Index adjusted for population growth. Predictions must be based not only on the changes in the Index, but also on the trend in incomes. The latter continued to advance in late 1967.

Nevertheless, in November 1967 consumers were worried about the expected trend of prices, felt that they would have to spend more on necessities and therefore must postpone some discretionary expenditures. The most marginal of the discretionary expenditures, those financed by borrowing, suffered most. Since incomes continued to advance, funds accrued in savings accounts at a relatively high rate.

The survey findings obtained earlier in 1967 were consistent with the opinion that consumers' willingness to spend would increase. The November findings made it more probable that consumer expenditures would grow at a rate similar to that of the increase in real disposal incomes. Indications were that the rate of consumer saving would continue to be fairly high and that the extension of installment credit would be moderate. The prospects were that 1968 would be a good year, but not a boom year, even if there should not be a tax increase, unless something should happen to improve consumer sentiment or unless government expenditures should rise substantially.

Index of Consumer Sentiment

The Index is composed of five questions, two relating to the evaluation of personal financial trends, two to the general economic

outlook, and one to the opinions about buying conditions for durable goods. A change in the Index may be evaluated both by its extent and by the uniformity or lack of uniformity of change among the components of the Index and among subgroups of the population.

A change of the Index by 1.3 percentage points is statistically significant at the one standard error level, given the sample size of the November 1967 survey (see Chapter 14). Thus, the decline in the Index by 3.6 percentage points from August to November 1967 (Chart III-1 and Table III-1) was statistically significant.

It happens at certain times that some of the components of the Index advance while others decline. From August to November 1967, all five components declined, three to a substantial extent and two very slightly. The substantial declines occurred in 1-year and 5year business expectations and in people's evaluation of their personal financial situation. Personal financial expectations and the answer that now is a good time to buy durables deteriorated a very small extent.

The decline in Index values was quite similar among the various income groups. An increase in the opinion "We are worse off" occurred primarily among lower-income families. Among families with over \$7,500 income (about 45 percent of all family units), the worsening of opinion was most pronounced in 5-year business expectations. When the August to November decline of the Index is compared with the increase during the first 9 months of 1967, upperincome people lost a much smaller proportion of the previous advance than lower-income people. While both in 1966 and in the first 9 months of 1967 upper-income people were leading in the sense that their attitudes changed in the most pronounced manner, this was not the case between August and November 1967.

Attitudes Toward Inflation

Practically all consumers believed in November 1967 that the prices of things they buy would go up during the next 12 months. Fully 90 percent of all respondents gave this answer, and the proportion would be still higher if a few lower-income respondents who professed not to know what prices would do were omitted (Table III-6). The response to this introductory question differed little in the surveys conducted in 1967, but in that year the proportion expecting price increases was much higher than in the years before 1966.

When respondents expecting price increases were asked about the probable extent of the price increases, some differences emerged

during 1967. The proportions expecting price increases of 10 percent or more, and also of 5 percent or more, rose in November 1967 (Table III-9) and were at that time the highest ever found by the Survey Research Center. That 8 percent of upper-income families thought that prices in general would advance by at least 10 percent in 12 months, and an additional 33 percent thought that prices would advance by 5 to 9 percent, may seem exaggerated; these notions indicated the extent of inflationary fears among many people.

The impact of inflationary fears can be assessed in two ways. First, it is possible to compare the attitudes and expectations of people who expect sizable price increases with those of people who expect substantially stable prices. In Table 13-1 four major components of the Index of Consumer Sentiment are presented, in the first column for those who thought that prices would rise by less than 2 percent and in the second column for those who thought that

	Pricea next year			
Attitude ^A	Will go up 2 percent or less	Will go up 5 percent or more		
Better off than a year ago	35	34		
About the same; uncertain	45	40		
Worse off than a year ago	20	26		
Total	100	100		
Will be better off in a year	35	34		
ill be the same; uncertain	58	49		
ill be worse off in a year	_7	17		
Total	100	100		
Expect good times next 12 months	57	63		
Pro-con; uncertain	26	18		
Expect bad times next 12 months	17	19		
Fotal	100	100		
Expect good times next 5 years	35	33		
Pro-con; uncertain	41	35		
Expect bad times next 5 years		32		
Total	100	100		
Proportion of all families	45	36		

TABLE 13-1

ATTITUDES RELATED TO THE EXTENT OF EXPECTED PRICE INCREASES (Percentage distribution in November 1967)

^aFor the questions and the replies at different times, see Tables III-4, III-5, III-8, III-11, and III-12.

prices would rise by more than 5 percent. It can be seen that in November 1967 unfavorable attitudes were more frequent in the second than in the first column regarding all four questions. People who expected sizable price increases more often felt worse off, more often expected to be worse off, and expected less favorable business trends during the next year and the next 5 years than people who expected substantially stable prices.

Secondly, one may study the reasons respondents gave in November 1967 for saying that they were worse off than a year earlier or for believing that the economic outlook was not good. The usual probe, "Why do you think so," was asked of all respondents, but a sizable proportion is always unable to explain an opinion. Nevertheless, comparison of the frequency of various reasons given at any one time, as well as comparison of the frequency of specific reasons given at successive times, are indicative of the factors which make for change in sentiment.

In November, 17 percent of all respondents—or the majority of those who said they were feeling worse off than a year earlier attributed the deterioration to rising prices. This proportion was much higher than early in 1967. It exceeded greatly the mention of higher taxes (3 percent) or high interest rates (less than 1 percent). Furthermore, 8 percent of all November respondents—or close to one-half of those who said they expected bad times for business during the next 12 months—attributed their pessimistic outlook to rising prices. Again the proportion was higher than early in the year and much higher than the mention of taxes (3 percent) or of interest rates (1 percent).

Both the August and November 1967 surveys included the following question: "Which do you think will go up more during the next 12 months, your income or the prices of the things you buy?" This question was addressed to those who said that their income in 1968 would be higher than in 1967 (45 percent of all respondents in November, 49 percent in August). As Table III-9 shows, the opinion that prices would rise more than income during the next 12 months was expressed far more frequently than the opposite opinion. This was especially true of lower-income and middle-income respondents. Not only those who expected substantial price increases, but also very many of those who expected small price increases expressed the opinion that prices would advance more than their in-Since annual income increases, for those who get them, comes. usually exceed 2 or 3 percent, it may be doubted that respondents' opinions were realistic. Again, the answers reflect primarily the extent of inflationary fears. In addition, price increases occur constantly and therefore greatly influence people's thinking, while income increases take place occasionally. Finally, it may be recalled that according to earlier findings income increases are seldom attributed to price increases. Very many people count on income gains which they consider well deserved; price increases are seen as detracting from the enjoyment of their just reward.

Most relevant for the purpose of understanding attitudes toward and behavior during inflation is the query included in the November 1967 survey, as well as in the November 1966 survey, about whether respondents believe that people can do anything to safeguard themselves against price increases. Table III-10 shows that almost two out of three people either replied that one cannot do anything or were unable to answer the question. Even among people with over \$10,000 income, the proportion was close to 50 percent. Inflation occurs, many people think, because of developments they cannot influence, and nothing can be done to safeguard oneself against it.

Respondents who answered that people can do something in times of inflation were asked to say what could be done. The replies fell into two groups. A small proportion spoke of positive action: Buying before prices go up was noted by 2 percent and investing in stocks or real estate by 5 percent of all respondents. On the other hand, many more respondents said that because of rising prices one could buy less, or postpone certain purchases, or be selective as to where and what one buys. This common response seems to be related to the belief that when more must be spent on necessities, less remains for discretionary purchases.

In sum: Inflation is seen as an adverse factor; it depresses consumer attitudes and makes for postponement of discretionary expenditures. In November 1967 these attitudes were rather pronounced.

Change in the Personal Financial Situation

In November 1967 the relatively great frequency of income increases noted in previous chapters continued; 45 percent of families reported that they were making more money than a year ago, 40 percent that they were making about the same, and 15 percent that they were making less. There was little change in these answers during 1967.

Nevertheless people's evaluation of their financial progress deteriorated from August to November 1967. The frequency of reports, "We are better off," remained practically unchanged at 34 percent, but fewer respondents than in August said that they were in the same situation while an increased proportion felt worse off. The last answer was given by 23 percent of respondents in November as against 16 percent in August (Table III-4). Expecting to be worse off in a year was likewise reported by more respondents in November than earlier in 1967, but here the increase was fairly small (Table III-5).

The major reason for a less favorable evaluation of the financial situation has already been mentioned: A sizable proportion of families complained about higher prices and increased expenses. Improvement in the financial situation was explained, as in earlier surveys, primarily by higher income. In addition, not fewer than 6 percent of respondents mentioned lower debt payments when asked to explain why they were better off.

Opinions About Business Prospects

Three out of five respondents in November 1967 thought that business conditions would be good during the next 12 months. This frequency was smaller than in 1965, but showed little change during 1967. The expectation that business conditions would be bad increased somewhat from August to November 1967 among upperincome respondents, so that overall evaluations of the economic outlook worsened (Table III-11).

When asked how business conditions in November compared with those a year earlier, the replies were overwhelmingly favorable: 40 percent said that conditions were better than, and 37 percent that they were the same as a year earlier. Yet only 25 percent expected a further improvement during the next 12 months, while 56 percent said that conditions would not change. Only a minority of those who perceived an improvement in the last year expected a further improvement during the next year (Table 13-2). Even so, those who thought that business conditions would be about the same a year later as they were in November clearly were expressing a favorable opinion.

The November 1967 survey findings on longer range business prospects were consistent with the short-range expectations. Table III-12 indicates an increased frequency for the opinion that during the next 5 years there would be bad times.

When asked why they thought that business conditions would remain good, two opinions were given frequently. About 18 percent of all respondents said that purchasing power and employment were high and had risen, or referred to the prevailing and continuing extensive consumer demand. An additional 17 percent mentioned

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government spending, especially for Vietnam. On the other hand, Vietnam and the international situation were also mentioned by 5 percent as an explanation of why in their opinion business conditions would be unfavorable. As noted previously, rising prices were the most frequently mentioned single reason for expecting bad times (8 percent of respondents said so).

TABLE 13-2

EVALUATIONS OF BUSINESS CONDITIONS

(Percentage distribution of all families in November 1967)

Business conditions in a year compared to now	Better	Same	Worse	Don't know; not ascertained	All families
Better	15	6	3	1	25
Same	20	26	9	1	56
Worse	3	4	5	*	1.2
Don't know; not ascertained	2	2	1	2	7
All families	40	38	18	4	100

Less than 0.5 percent

Notes: See Tables III-13 and III-14 for the questions asked. Details may not add to totals due to rounding.

Important for an understanding of the deterioration in people's economic outlook are the replies to the question, "Have you heard of any favorable or unfavorable changes in business conditions during the past few months." Only 15 percent reported in November 1967 that they had heard good news, and 34 percent that they had heard bad news (Table III-15). Among respondents with more than \$10,000 income, not fewer than 48 percent reported having heard unfavorable news. In this respect there were substantial changes from May or August to November: Unfavorable business news was salient in November.

Among the items of favorable news reported were references to high demand and employment, to continuing good business trends, to specific industries with large sales and profits—but none of these were mentioned by many respondents. The unfavorable business news heard by respondents was somewhat more specific and more frequent: Rising prices, tight money, tax increase, unemployment, strikes, and wage demands by unions were noted most frequently.

Although the war in Vietnam was hardly ever mentioned in response to the question about economic news, a specific inquiry disclosed that it was an important factor making people think that business conditions would remain good. When asked about the impact of the war on domestic business conditions, 59 percent said in November that the war made for good times at home, while 21 percent said that it made for bad times. This division of opinions was more favorable than earlier in 1967 (Table III-16).

Even though people's opinions about business prospects became less optimistic late in 1967, they remained mostly on the favorable side. This conclusion was supported by further data about the likelihood of a recession. As in surveys conducted earlier in 1967 or in 1966, people were greatly divided in November: About one-half thought that a recession might happen again and one-third thought that it was not likely to happen again. The others had no opinion (Table III-17). But even among those who thought that a recession might happen, only a minority-11 percent of all respondents-thought that a recession would occur within a year.

Respondents were asked in November whether they thought that Congress would pass a law increasing income taxes in 1968. In response 58 percent said "Yes" and 27 percent "No." (Fifteen percent were uncertain or had no opinion.) Following this question all respondents were queried about the probable effects of a tax increase on business conditions, assuming that Congress would pass the law. About one out of ten respondents replied that the tax increase would have good effects and 42 percent said that it would have bad effects on business conditions. In explaining their opinions a few respondents spoke of healthy restraining effects of a tax increase, while most respondents argued that business and especially consumer spending would decline because of higher taxes paid. Very few respondents said that a tax increase would help to curb inflation.

Prospects for Housing, Automobiles, and Household Durables

In the fall and winter of 1966 the opinion that it was a bad time to buy automobiles, other durable goods, and especially houses was voiced with increased frequency; in contrast, in the spring and summer of 1967 a sharply increased proportion of respondents said that it was a good time to make these large outlays. From August to November the evaluation of buying conditions again deteriorated somewhat, especially for cars (Table III-20).

These opinions are correlated with buying intentions. In November 1967, among those who thought that times were good 31 percent planned to buy large household goods and 24 percent planned to buy a car during the next 12 months, as against 18 and 14 percent respectively among those who thought that times were bad (Table III-24). The relation between the evaluation of buying conditions and intentions to buy *new* cars was still stronger than that for all cars. Late in 1966 the relationship between evaluations and buying intentions was somewhat more pronounced than in November 1967, however, fewer people evaluated buying conditions in a favorable manner late in 1966.

Intentions to buy are subject to some seasonal variations and therefore the November 1967 data are best compared with findings from previous surveys conducted in November. Regarding plans to buy large household goods and to undertake additions or reapirs to houses, the changes from 1965 to 1967 were relatively small (Table III-23). These findings are consistent with the notion that demand for furniture and major appliances would be fair in 1968, but would hardly grow to a substantial extent.

Buying plans for one-family houses were greatly depressed in November 1966 when shortage of mortgage funds and rising interest rates made great news. These intentions were higher in November 1967 than a year earlier, but still not quite as high as the year before that.

In November 1967, 19.5 percent of family units expressed an intention to buy a car as against 17.9 percent in November 1966 and 19.3 in November 1965 (Table III-22). The increase from 1966 to 1967 was due to a greater frequency of intentions to buy used cars. Only lower-income and middle-income families, and not high-income families, planned to buy cars with greater frequency than in November 1966. Nevertheless, buying intentions for all cars showed an increase of 9 percent over November 1966, while the Index of Consumer Sentiment indicated a somewhat smaller advance. Thus the question might be raised as to whether the prospects for automobile demand might not be somewhat more favorable than the prospects for discretionary demand in general.

In the November 1967 survey, respondents were asked, "Do you happen to know whether the 1968 new cars cost about the same as the 1967 models, or more, or less?" Most respondents who had an opinion said that the prices of the new car models had increased. Of greater interest than this indication that consumers were fairly well informed are the replies to the next question in which respondents were asked whether in their opinion, "the added cost makes a real difference or hardly any difference to those who are thinking of buying a new car." The great majority of informed respondents said that the added cost made hardly any difference (Table 13-3).

TABLE	13-	-3
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OPINIONS ABOUT THE ADDED COST OF NEW CARS

- (Percentage	distribution)	

Opinions	All families	Families with incomes of \$10,000 or more
1968 models cost more	69	83
Thereof, the added cost:		
Makes a real difference	7	8
Makes some difference	12	13
Makes hardly any difference	47	60
Uncertain	3	2
1968 models cost the same	5	3
Don't know about prices of 1968 models	26	_14
Total	100	100

Thus it would appear that the price increases for the 1968 models did not seem to disturb a large proportion of consumers. In several previous years prices in general had advanced more than auto prices and in the opinion of many people, some such difference may have continued to prevail in November 1967. This conjecture was supported by the finding that those who expected prices in general to advance most were more likely to say that the increase in car prices made hardly any difference, in comparison with those who thought that prices in general would advance a little.

Both appearance and the safety features of the 1968 car models were favorably commented upon by some respondents in November 1967 but in this respect the findings did not differ much from the findings in November 1966. However, one new question was asked in the November 1967 survey, the answers to which reflected both widespread concern with safety and the prevailing attitudes toward

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car prices. When asked, "There are new safety devices on the new car models; would you say that these safety devices are worth the extra money or not," the answers as shown in Table 13-4, were mostly favorable to the safety devices.

TABLE 13-4

(Percentage distribution)			
Are safety devices worth the extra cost?	All families	Families with incomes of \$10,000 or more	
Yes	58	62	
No	18	21	
Don't know	24	17	
Total	100	100	

WHETHER SAFETY DEVICES ARE WORTH THE EXTRA MONEY

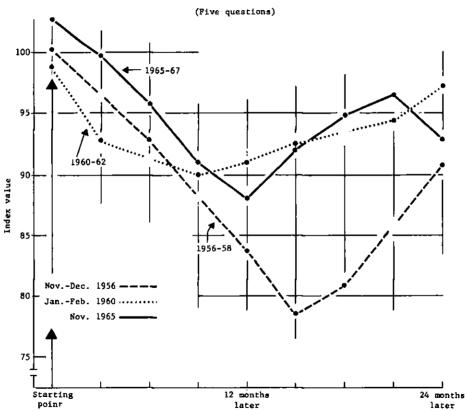
Some people said that the safety devices did not make for more safety or that prices went up more than the safety devices were worth. But substantially more people expressed themselves in favor of the safety devices and thought that people would be willing to pay for them. These answers suggested that the position of the automobile industry relative to other sellers of consumer goods might be quite favorable.

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PART THREE OUTLOOK TABLES



CHANGE IN THE INDEX OF CONSUMER SENTIMENT IN THREE PERIODS



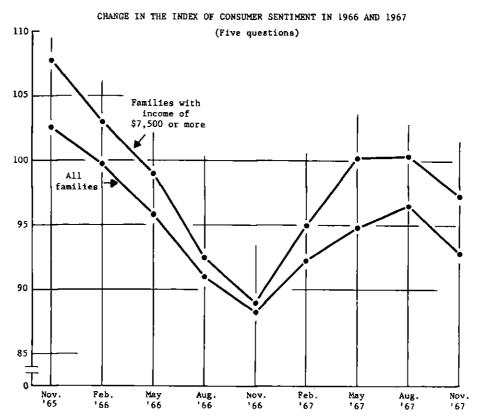




TABLE III-1 (Sheet 1 of 2)

INDEX OF CONSUMER SENTIMENT^a

Date	of study	All families ^b	Families with annual incomes of \$7,500 or more
1952	November-December	86.2	
1953	January-February	90.7	
	September-October	80.8	
1 9 54	January-February	82.0	
	June	82,9	
	October	87.0	
1955	June	99.1	
	October	99.7	
1956	May	98.2	
	August	99.9	
	November-December	100.2	
1957	June	92.9	
	November-December	83.7	
1958	January-February	78.5	
	May~June	80,9	
	October	90.8	100.8
1959	May-June	95.3	104.0
	October-November	93.8	100.0
1 96 0	January-February	98.9	102.8
	May	92.9	100.0
	October-November	90.1	96.5
1961	January-February	91,1	95.2
	May-June	92.3	96.7
	November	94.4	101.5
1962	January-February	97.2	101.5
	Мау	95.4	97.9
	August-September	91.6	96.7
	November-December	95.0	98.8

^a Based on five questions on attitudes and expectations. The method for calculating the Index is set forth in Chapter 14 of this volume.

^bFall 1956 = 100.

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^cFall 1959 = 100.

TABLE III-1 (Sheet 2 of 2)

NTIMENT
N

Date of study		All families ^b	Families with annual incomes of \$7,500 or more ^c
1963	January-February	94.8	97.5
	May	91.4	96.5
	August	96.2	99.6
	November	96.9	101.1
1964	January-Pebruary	99.0	• 104.2
	May-June	98.1	102.4
	September	100.2	106.0
	December	99.4	102.6
1965	February	101.5	105.1
	May-June	102.2	108.4
	August	103.2	104.8
	November	102.6	107.7
1966	February	99.8	102.9
	Мау	95.8	98.9
	August	91.1	92.4
	November-December	88.3	88.9
1967	February	92.2	95.0
	May-June	94.9	100.2
	August	96.5	100.3
	November	92.9	97.2

For definition of above footnotes, see sheet 1 of this table.

OUTLOOK TABLES

TABLE 111-2

CHANGE IN FAMILY INCOME OVER ONE YEAR

(Percen	tage d	listri	(bution)	
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	Past i	ncome	change	Expected income change							
	All families										
	řeb. 1965	Feb. 1966	Feb. 1967	May- Feb. Feb. June Aug. 1966 1967 1967 1967							
A lot higher	15	16	14	43 10 9 48							
A little higher; higher	33	39	34	43 31 33							
No change	33	28	35	45 4 6 43 3 9							
A little lower; lower	8	8	8	8 4 8 12							
A lot lower	10	8	8	5 5 5							
Don't know; not ascertained	1	1	1	4 4 2 1							
Total	100	100	100	100 100 100 100							

	Fa	milies	with	incomes of	\$7,500	OT 601	e
A lot higher	21	23	21	51	10	11	63
A little higher; higher	44	46	42		40	44	
No change	22	18	24	37	36	32	26
A little lower; lower	7	8	6	9	5	9	10
A lot lower	5	5	6		5	4	10
Don't know; not ascertained	1	*	1	3	4	*	_1
Total	100	1 0 0	100	100	100	100	100

*Less than 0.5 percent.

^a Income in the previous year as compared to income in the year before that. The questions asked in February 1967 were: "Was your family's total income higher in 1966 than it was the year before that (1965), or lower, or what? Was it a lot higher (lower)or just a little higher (lower)?"

^bIncome expected for the current year as compared to income in the previous year. The questions asked in February 1967 were: "Will your family income for this year (1967) be higher or lower than last year (1966)? Do you think it will be a lot higher (lower), or just a little higher (lower)?"

RELATION OF PAST TO EXPECTED INCOME CHANGE (In percent of families)

	All families - February 1967 data										
Expected 1967 income	1966 income com										
compared to 1966 income	iligher in 1966	Same	Lower in 1966	families							
Higher in 1967	28	6	7	41							
Same	16	25	5	46							
Lower in 1967	4	2	3	9							
All families	48	33	15	96 ^a							

	All families - February 1966 data										
Expected 1966 income	1965 income co	1965 income compared to 1964 income									
compared to 1965 income	Higher in 1965	Same	Lower in 1965	All families							
Higher in 1966	30	6	7	43							
Same	19	20	5	44							
Lower in 1966	4	1	2	7							
All families	53	27	14	94 ^a							

February	1967	data	-	within	income	groups	

		Incom	e in 19	56	
Income change	Less than \$3,000				\$10,000 or more
Higher in both 1966 and 1967	. 8	20	29	38	
Higher in one, same in other	20	19	22	23	25
Same in both	49	33	19	14	15
Lower in one, same in other	10	8	8	5	6
Lower in both 1966 and 1967	3	5	3	3	2
Mixed: Higher in one, lower in other	6	10	14	14	9
Don't know, not ascertained	4	5	5	3	_5
fotal	100	100	100	100	100

^aRespondents not giving a definite answer to both questions are omitted from the tabulation. The two questions are noted in Table III-2.

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

Feb. 1965	Nov. 1965	Feb. 1966	May 1966 Al	Aug. 1966 1 fami	Nov- Dec. 1966 lies	Feb. 1967	May- June 1967	Aug. 1967	Nov. 1967
37	38	38	34	32	35	34	34	35	34
43	44	44	46	43	38	45	44	48	42
19	17	17	19	24	25	19	21	16	23
1	1	l	L	1	1	1	1	1	1
*	*	*	*	*	_1	1	*	*	*
100	100	100	100	100	100	100	100	100	100
	1965 37 43 19 1 *	1965 1965 37 38 43 44 19 17 1 1 * *	1965 1965 1966 37 38 38 43 44 44 19 17 17 1 1 1 * * *	$ \begin{array}{c cccccccccccccccccccccccccccccccccc$	1965 1965 1966 <th< td=""><td>Feb. Nov. Feb. May Aug. Dec. 1965 1965 1966 1966 1966 1966 1966 37 38 38 34 32 35 43 44 46 43 38 19 17 17 19 24 25 1 1 1 1 1 1 * * * * * 1 1</td><td>Feb. Nov. Feb. May Aug. Dec. Feb. 1965 1965 1966 1966 1966 1966 1967 37 38 38 34 32 35 34 43 44 46 43 38 45 19 17 17 19 24 25 19 1 1 1 1 1 1 1 * * * * * 1 1 1</td><td>Feb. Nov. Feb. May Aug. Dec. Feb. June 1965 1965 1966 1966 1966 1966 1966 1967 1967 37 38 38 34 32 35 34 34 43 44 44 46 43 38 45 44 19 17 17 19 24 25 19 21 1 1 1 1 1 1 1 1 1 * * * * * 1 1 1 * *</td><td>Feb. Nov. Feb. May Aug. Dec. Feb. June Aug. 1965 1965 1966 1966 1966 1966 1966 1967 37 38 38 34 32 35 34 34 35 43 44 46 43 38 45 44 48 19 17 17 19 24 25</td></th<>	Feb. Nov. Feb. May Aug. Dec. 1965 1965 1966 1966 1966 1966 1966 37 38 38 34 32 35 43 44 46 43 38 19 17 17 19 24 25 1 1 1 1 1 1 * * * * * 1 1	Feb. Nov. Feb. May Aug. Dec. Feb. 1965 1965 1966 1966 1966 1966 1967 37 38 38 34 32 35 34 43 44 46 43 38 45 19 17 17 19 24 25 19 1 1 1 1 1 1 1 * * * * * 1 1 1	Feb. Nov. Feb. May Aug. Dec. Feb. June 1965 1965 1966 1966 1966 1966 1966 1967 1967 37 38 38 34 32 35 34 34 43 44 44 46 43 38 45 44 19 17 17 19 24 25 19 21 1 1 1 1 1 1 1 1 1 * * * * * 1 1 1 * *	Feb. Nov. Feb. May Aug. Dec. Feb. June Aug. 1965 1965 1966 1966 1966 1966 1966 1967 37 38 38 34 32 35 34 34 35 43 44 46 43 38 45 44 48 19 17 17 19 24 25

(Percentage distribution)

		Fan	nilies	with	income	of \$7,	,500 or	more		
Better off	50	51	49	45	40	44	44	50	46	49
Same	38	39	39	41	39	33	42	36	41	34
Worse off	12	10	10	13	19	21	13	14	12	16
Uncertain	*	*	1	1	1	1	1	*	1	1
Not ascertained	*	*	1	*	_1	_1	*	*	*	*
Total	100	100	100	100	100	100	100	100	100	100

*Less than 0.5 percent.

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?"

CHANGE CONSUMERS EXPECT 1N THEIR FINANCIAL SITUATION (Percentage distribution)

Expected change in financial aituation	Feb. 1965	Nov. 1965	Feb. 1966	Мау 1966 А1	Aug. 1966 1 fami	Nov- Dec. 1966 lies	Feb. 1967	May- June 1967	Aug. 1967	Nov. 1967
Better off	39	40	38	32	33	31	35	38	34	35
Same	44	46	46	48	43	45	46	43	45	42
Worse off	7	5	8	10	12	11	8	10	9	11
Uncertain ·	10	9	8	10	12	13	11	9	11	12
Not ascertained	*		*	*	*	*	_*	*	_1	*
Total	100	100	100	100	10 0	100	100	100	100	100

		Far	milies_	with	income	of \$1	7,500	or more	<u>.</u>	
Better off	49	52	47	40	42	38	43	49	45	44
Same	38	37	40	41	38	40	42	37	40	37
Worse off	5	5	7	10	12	11	6	9	9	10
Uncertain	7	5	6	9	8	10	8	5	6	9
Not ascertained	1	1	*	_*	*	1	1	*	*	*
Total	100	100	100	100	100	100	100	100	100	100

^{*}Less than 0.5 percent.

The question asked was "Now looking shead - 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?"

PRICE EXPECTATIONS FOR NEXT YEAR

(Percentage distribution)

During the next year prices will:	Feb. 1965	Nov. 1965	Feb. 1966	May 1966 Al	Aug. 1966 1 fami	Nov- Dec. 1966	Feb. 1967	May- June 1967	Aug. 1967	Nov. 1967
Go up; either go up or stay the same	72	72	86	79	87	73	83	88	87	90
Stay the same	18	21	9	16	9	18	13	9	10	7
Go down	1	2	1	3	2	4	2	1	1	1
Don't know; not ascertained	9	5	_4	_2	_2	_5	_2	_2	_2	_2
Total	100	100	100	100	100	100	100	100	100	100

		Fa	milie	s with	income	e of \$	7,500 0	or more	2	
Go up; either go up or stay the same	75	78	90	85	92	77	86	92	93	95
Stay the same	18	20	7	12	5	17	11	6	6	5
Go down	2	1	*	2	2	6	2	*	*	*
Don't know; not ascertained	5	1	3	_1	<u> </u>	*	_1	_2	1	
Total	100	100	100	100	100	100	100	100	100	100

^{*}Less than 0.5 percent.

The question asked was "Speaking of 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?"

TABLE 111-7

Expected price change is:	Feb. 1965	Nov. 1965	Feb. 1966	Мау 1966	Aug. 1966	Nov- Dec. 1966	Feb. 1967	May- June 1967
				All fa	milies			
To the good	24	27	16	21	12	14	16	13
Makes no difference	4	4	4	2	2	2	3	4
Pro-con; depends	9	10	10	7	6	7	6	9
To the bad	47	47	60	62	71	66	67	65
Don't know; not ascertained	7	7	6	6	7	6	6	7
Don't know direction								
of prices		5		2	2	5	2	2
Total	100	100	100	100	100	100	100	100

REACTIONS TO PROSPECTIVE PRICE DEVELOPMENTS (Percentage distribution)

		Families	with	income	of	\$7,500	or more					
To the good	27	30	17	20	11	15	18	15				
Makes no difference	7	6	5	4	2	2	3	4				
Pro-con; depends	10	12	12	7	7	7	7	10				
To the bad	44	44	58	62	72	68	66	63				
Don't know; not ascertained	7	7	5	6	7	8	5	6				
Don't know direction of prices	_5	1	3	1	1	*	1	2				
Total	100	100	100	100	100	100	100	100				
	All families who expect prices to go up during the next year											
To the good	- 14	14	11	10	7	4	9	9				
To the bad	62	62	68	74	79	83	77	72				

* Less than 0.5 percent.

The question asked following the question quoted under Table III-6 was "Would you say that these (rising prices, unchanged prices, falling prices) would be good, or bad, or what?" -

TABLE 111-8

EXTENT OF INCREASES IN PRICES EXPECTED DURING THE NEXT TWELVE MONTHS (Percentage distribution)

Prices will go up in next 12 months by:	Мау 1966	Aug. 1966	Feb. 1967	Au g. 1967	Nov. 1967					
	All families									
1 to 2 percent	35	33	36	37	35					
3 to 4 percent	9	12	14	14	12					
5 percent	20	25	21	23	26					
6 to 9 percent	3	4	2	2	3					
10 percent or more	4	6	5	6	7					
Don't know, not ascertained how <u>much</u> prices will increase	8	7	5	5	7					
Prices will <u>not</u> go up	21	13	17	13	10					
Total	100	100	100	100	100					

	Families	with	income	of \$7,500	or more
1 to 2 percent	42	36	40	41	33
3 to 4 percent	12	14	16	18	16
5 percent	18	28	21	24	28
6 to 9 percent	4	5	3	3	5
10 percent or more	4	4	4	4	8
Don't know, not ascertained how <u>much</u> prices will increase	5	5	2	4	4
Prices will <u>nor</u> go up	15	8	14	6	6
Total	100	100	100	100	100

The question asked was "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 percent higher, or 5 percent, or closer to 10 percent higher than now, or what?" (The question was asked of those respondents saying that they expected higher prices during the next year. See Table III-6.)

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TABLE III-9

EXPECTED INCOME INCREASES IN RELATION TO EXPECTED PRICE INCREASES (Percentage distribution)

Expectations about income change and	All famil		November 1967 data within 1967 income groups							
price increases in the next year	Aug. Nov. 1967 1967		Less than \$3,000				\$10,000 or more			
Income will not go up	mewill not go up 52 55				52	39	46			
Income will go up:	48	45	24	39	48	61	54			
More than prices	11	11	4	5	11	12	20			
Same as prices	3	2	1	2	1	4	4			
Less than prices	29	27	16	25	33	38	27			
Don't know which will go up more	5	5	3	7	3	_ 7	3			
Total	100	100	100	100	100	100	100			

The question asked was "Which do you think will go up more during the next 12 months, your income or the prices of the things you buy?" (The question was asked in November of those respondents who expected their 1968 income to be higher than their 1967 income; in August of those who expected their 1967 income to be higher than their 1966 income.)

CONSUMERS' RESPONSE TO INFLATION

(Percentage distribution)

What one can do to	-	ll lie∎	with	November 1967 data within 1967 income groups								
safeguard against price increases	Nov. 1966	Nov. 1967	Less than \$3,000				\$10,000 or more					
Can't do anything	49	57	69	62	61	50	46					
Can do something, such as:	40	37	21	31	33	46	53					
Buy in advance of incresse	2	Z	2	1	2	1	4					
Invest in stocks or real estate	3	5	*	1	3	5	10					
Postpone buying	6	5	3	3	5	5	7					
Cut down buying	12	13	11	11	13	16	13					
Boycott; select where you buy	6	5	1	7	3	7	9					
Watch what you buy; be selective	7	2	*	1	2	4	2					
Other action	4	5	4	7	5	8	8					
Don't know, not gscertained	11	6	10	7	6	4	1					
Total	100	100	100	100	100	100	100					

*Less than 0.5 percent.

The questions asked were "Now speaking for a moment about price increases and inflation. Would you say that someone like you can do something when prices are going up, so as to safeguard himself to some extent against price increases? (If yes) What can a person do?"

BUSINESS CONDITIONS EXPECTED DURING NEXT TWELVE MONTHS (Percentage distribution)

Expected business conditions				May 1966 A11		1966				
Good times	75	71	69	66	59	55	62	61	63	60
Good in some ways, bad in others	3	4	2	5	6	6	5	6	5	4
Bad times	7	8	9	13	17	22	16	14	15	18
Uncertain	14	16	11	15	16	1 6	16	18	16	18
Not ascertained	1	1	9	1	2	1	1	1	1	*
Total	100	100	100	100	100	100	100	100	100	100

	Families with income of \$7,500 or more										
Good times	84	84	82	75	68	61	73	73	72	71	
Good in some ways, bad in others	3	2	1	5	6	7	5	6	5	3	
Bad times	5	5	6	11	16	15	13	9	10	14	
Uncertain	8	9	5	8	9	16	9	11	12	11	
Not ascertained	*	*	6	1	1	1	*	1	1	l	
Total	100	100	100	100	100	100	100	100	100	100	

*Less than 0.5 percent.

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The question asked was "Now turning to business conditions 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?"

TABLE ITI-12

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS (Percentage distribution)

Expected business conditions				May 1966		1966	1967			
Good times	44	47	39	40	38	33	38	35	37	35
Uncertain, good and bad	29	32	33	34	27	40	33	35	35	31
Bad times	20	14	18	20	28	21	23	21	21	26
Not ascertained	7	7	10	6	7	6	6	9	7	8
Total	100	100	1 0 0	100	100	100	100	100	100	100

	Families with income of \$7,500 or more										
Good times	49	58	44	45	45	38	43	42	47	42	
Uncertain, good and bad	25	27	32	33	21	36	30	35	31	29	
Bad times	19	10	15	16	26	20	20	15	16	22	
Not ascertained	7	5	9	6	8	_6	_7	<u> </u>	_6	_7	
Total	100	100	100	100	100	100	100	100	100	10 0	

The questions asked were "Looking shead, which would you say is more likely that in the country as a whole we will 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) On what does it depend in your opinion?"

CURRENT BUSINESS CONDITIONS IN COMPARISON TO THOSE A YEAR AGO (Percentage distribution)

Business conditions now compared to a year ago				May 1966 Ali		19 66				
Better now	43	54	57	45	45	36	34	38	34	40
About the same	38	35	30	36	31	34	38	35	44	37
Worse now	12	6	8	16	18	22	23	22	18	18
Not ascertained, don't know, depends	7	5	5	3	6	8	5	5	4	5
Total	100	100	100	100	100	100	10 0	100	100	100

		Fami	lies	with	income	of	\$7,500	or	more	
Better now	53	67	66	54	53	37	36	39	40	45
About the same	34	26	26	27	22	31	35	32	40	34
Worse now	10	4	5	17	22	27	27	27	18	20
Not ascertained, don't know, depends	3	3	3	2	3	5	2	2	2	1
Totel	100	100	100	100	100	100	100	100	100	100

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

EXPECTED BUSINESS CONDITIONS A YEAR FROM NOW AS COMPARED WITH THE PRESENT

Expected business May-Novconditions a year Feb. Nov. Feb. May Aug. Dec. Feb. June Aug. Nov. from now All families Better in a year About the same Worse in a year Not ascertained, don't know Total

		Fan	ilie\$	with	inco	me of	\$7, 5	00 от	more	
Better in a year	38	45	35	25	25	21	25	32	27	28
About the same	52	46	51	57	53	58	58	52	59	56
Worse in a year	7	5	6	13	15	13	12	8	8	10
Not ascertained, don't know	3	4	8	5	7	8	5	8	6	6
Total	100	100	100	100	100	 100	 100	100	100	100

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

(Percentage distribution)

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS (Percentage distribution)

News heard		Nov. 1965		1966	1966		Feb. 1967			
Heard favorable news	25	29	28	19	15	12	18	21	15	15
Heard unfavorable news	20	13	17	40	43	34	35	27	26	34
Did not hear any news	59	66	61	54	54	62	57	62	68	61

	Aug. 1966	Nov- Dec. 1966	Feb. 1967	May- June 1967	Aug. 1967	Nov. 1967
	Fami	lies with	income	of \$5,0	00-7,499	
Heard favorable news	14	11	16	22	14	10
Heard unfavorable news	43	35	32	18	25	28
Did not hear any news	53	62	59	68	71	68

	Fami	lies wit	h income	of \$7,5	00-9,999	
Heard favorable news	17	13	21	23	16	17
Heard unfavorable news	53	37	36	32	26	35
Did not hear any news	45	55	55	59	65	59

	Families	with	income	of \$10,000	or more	
Heard favorable news	21	15	25	33	24	22
Heard unfavorable news	67	52	54	42	35	48
Did not hear any news	34	44	39	43	54	46

The questions asked were "Have you heard of any favorable or unfavorable changes in business conditions during the past few months? What did you hear?"

Note: Totals add to more than 100 percent because some people mentioned two types of news heard.

OPINIONS REGARDING EFFECTS OF THE INTERNATIONAL SITUATION ON BUSINESS CONDITIONS (Percentage distribution)

The international situation makes for:				1966	Aug. 1966 1 fem	1966				
Good times	23	41	52	54	53	46	52	54	55	59
Good in some ways, bad in others	3	6	6	5	7	7	8	8	6	5
Bad times	28	23	19	22	23	25	27	24	22	21
No effect on business	23	1 2	11	6	5	7	4	5	5	5
Don't know; not ascertained; depends	23	18	12	13	12	15	9	9	12	10
Total	100	100	100	100	100	100	100	100	100	100

Families with income of \$7,500 or more										
Good times	32	51	64	65	63	53	62	62	67	70
Good in some ways, bad in others	4	7	6	5	9	8	9	11	7	4
Bad times	23	17	13	17	19	24	23	18	15	15
No effect on business	26	11	11	5	5	7	3	4	6	4
Don't know; not ascertained; depends	15	14	6	8	_4	8	3	_5	_5	_7
Total	100	100	100	100	100	100	100	100	100	100

The questions asked were "Speaking 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 <u>business conditions</u> here at home? (Do you think they make for good times or bad times, or what?)"

¹This inserted phrase was different in previous years, referring to the cold war and to international tensions prevailing at various times. Vietnam was specifically mentioned in the August 1965 survey.

OPINIONS ABOUT RECURRENCE AND TIMING OF A RECESSION

(IEL	centage u	19111	00010	ц)				
Opinions about recurrence			1965	1966		1967	May- June 1967	
Recession likely to happen again	23	20	24	32	29	32	34	34
Recession might happen again	19	12	15	16	19	16	13	17
Recession not likely to happen again	41	50	46	38	31	36	35	35

15

2

100

17 13

ı

100

2

20

100

12

100

100 100

12 20

2

1

100

15 16 13

1

100 100 100

12

100

8

100

2

1

February 1967 data by family income in 1966 Less than \$3,000 \$5,000 \$7,500 \$10,000 -4,999 -7,499 -9,999 or more \$3,000 Recession likely to 20 happen again 25 36 35 38 Recession might happen 16 15 15 17 18 again Recession not likely to happen again 33 40 37 36 36 Don't know; depends;

			A	ll fa	milie:	6		
Expected timing of next recession				-		Feb.	May- June 1967	
Very soon; has already started; any time	7	4	4	6	6	6	5	5
Not very soon but within a few years	12	9	12	18	15	15	14	20
Not within the next few years	7	4	7	6	5	6	5	4
"After the war ends"	a	а	a	a	6	8	9	8
Don't know; depends; not ascertained	16	15	16	18	16	13	14	14
Total who expect recession to occur	42	32	39	48	48	48	47	51

31

100

^aNot coded separately; included in "Don't know" prior to November-December 1966.

The questions asked were "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? (If yes or maybe) About when will (might) it come, in your opinion?"

Don't know, depends

not ascertained

Not ascertained

Total

Total

.

TABLE III-18

EXPECTED CHANGES IN UNEMPLOYMENT

During the next 12 months unemployment will:	Feb. 1965	Feb. 1966	Мау 1966	Aug. 1966	Nov. 1966	Feb. 1967	Aug. 1967			
		All families								
Increase	23	11	15	15	20	18	18			
Stay the same	42	40	51	56	51	58	53			
Decrease	30	43	29	23	20	19	25			
Don't know, not										
ascertained	5	_6	5	6		5				
Total	100	100	100	100	100	100	100			

(Percentage distribution)

	Fami	ilies	with	income	of \$7,	500 or	more
Increase	23	9	15	17	22	19	16
Stay the same	44	41	50	57	52	60	57
Decrease	32	48	31	23	19	19	24
Don't know, not ascertained	1	_2	4	3	7	2	3
Total	100	100	100	100	100	100	100

The question asked 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?"

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ouring the next 12 months Interest rates will:	Nov-Dec. 1966	May-June 1967	August 1967
		All families	
Increase	25	32	29
Stay the same	33	32	46
Decrease	7	16	4
No opinion	34	18	20
Not ascertained	1	2	1
otal	100	100	100

EXPECTED COURSE OF INTEREST RATES (Percentage distribution)

	Families with	n income of \$7,50	0 or more
Increase	23	30	30
Stay the same	41	36	50
Decrease	10	24	7
No opinion	25	9	12
Not ascertained	1	_1	1
Total	100	100	100

The question asked was "No one can say for sure, but what do you think will happen to interest rates during the next 12 months?"

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BUYING CONDITIONS FOR LARGE HOUSEHOLD DURABLES, CARS, AND HOUSES

Opinion about buying conditions			May 1966					Aug. 1967	
				A11	famil	ies			
Large household durables			-						
Good time to buy	55	56	54	49	35	43	51	58	55
Uncertain; depends	34	31	30	37	45	33	37	28	32
Bad time to buy	11	13	16	_14	_20	_24	_12	_14	_13
Total	100	100	100	100	100	100	100	100	100
Cars									
Good time to buy	51	a	51	42	23	а	44	45	40
Uncertain; dependa	39	а	30	37	51	a	34	30	30
Bad time to buy	10	a	19	21	26	а	22	25	30
Total	100		100	100	100		100	100	100
Houses									
Good time to buy	51	а	a	37	22	а	42	49	4 9
Uncertain; depends	30	8	a	24	29	a	31	29	24
Bad time to buy	19	8	a	39	49	a	27	22	27
Total	100			100	100		100	100	100

Fami	ilies	with	incor	me of	\$7,50	00 or	more	
64	61	61	53	38	50	56	66	6 1
7	9	11	14	17	20	7	11	10
61	a	60	47	29	8	51	50	46
8	а	16	20	26	a	18	26	31
63	a	a	39	22	a	49	55	54
16	8	â	46	54	a	25	21	27
	64 7 61 8 63	64 61 7 9 61 a 8 a 63 a	64 61 61 7 9 11 61 a 60 8 a 16 63 a a	64 61 61 53 7 9 11 14 61 a 60 47 8 a 16 20 63 a a 39	64 61 61 53 38 7 9 11 14 17 61 a 60 47 29 8 a 16 20 26 63 a a 39 22	64 61 61 53 38 50 7 9 11 14 17 20 61 a 60 47 29 a 8 a 16 20 26 a 63 a a 39 22 a	64 61 61 53 38 50 56 7 9 11 14 17 20 7 61 a 60 47 29 a 51 8 a 16 20 26 a 18 63 a a 39 22 a 49	7 9 11 14 17 20 7 11 61 a 60 47 29 a 51 50 8 a 16 20 26 a 18 26 63 a a 39 22 a 49 55

⁸Not available.

The questions asked were "About the things people buy for their house - I mean furniture, house furnishings, refrigerator, cooking range, television, and things like that. In general do you think now is a good time or a bad time to buy such large household items? 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? Generally speaking, do you think now is a good time or s bad time to buy a house?"

TABLE	111-21
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SELECTED REASONS FOR OPINIONS ABOUT MARKET CONDITIONS (In percent)

Reasons for evaluation of market conditions for:			Ац <i>д.</i> 1966			
Large household durables						
Good time to buy because						
Prices are low; good buys available	25	20	17	13	15	21
Prices are going higher; won't come down	11	14	19	12	15	19
People can afford to buy; times are good	7	10	7	5	9	9
New features; good quality, (selection) supply	7	6	5	4	4	8
Bad time to buy because						
Prices are high; may fall later	7	9	11	17	19	10
Credit is tight; interest rates high	*	*	4	5	1	2
Cars						
Good time to buy because						
Prices are low; good buys available	17	20	12	8	8	17
Prices are going higher; won't come down	9	12	16	8	8	15
People can afford to buy; times are good	6	4	4	2	8	8
New features; good quality, (selection) supply	7	6	4	3	ŧ	6
Safety; new models are safer	a	a	1	1	a	4
fad time to buy because						
Prices are high; going up; may fall later	9	9	15	20	a	16
Credit is tight; interest rates high	*	*	4	6	a	1
Safety; later models will be safer	a	8	2	2	a	4
Houses						
Good time to buy because						•
Prices are low; good buys available	16	14	10	8	а	12
Prices are going higher; won't come down	16	15	15	7	a	21
People can afford to buy; times are good	6	8	5	2	8	4
New features; good quality, (selection) supply	5	5	2	1	a	4
Bad time to buy because						
Prices are high; may fall later	15	15	20	25	a	19
Credit is tight; interest rates high	1	1	25	34	8	13

*Less than 0.5 percent.

^aNot available.

Note: Responses reported here were made to the query "Why do you say so?" following each of the three questions in Table III-20.

OUTLOOK TABLES

Surveys conducted in:	All cars	New cars	Used cars
February			
1961	13.8	6.3	7.5
1962	17.1	8.5	8.6
1963	17.9	9.7	8.1
1964	15.1	8.0	7.1
1965	17.8	10.8	7.0
1966	18.6	10.5	8.1
1967	17.3	9.7	7.6
Мау			•
1961	16.4	8.9	7.5
1962	17.4	9,7	7.7
1 963	16.9	9.5	7.4
1964	17.4	9.8	7.6
19 6 6	14.1	10.0	4.1
1967	19.4	10.8	8.6
August			
1962	18.1	9.1	9.0
1963	17.4	9.4	8.0
1965	17.8	10.3	7.5
1966	18.6	10.7	8.0
1967	15.7	8.8	6.9
November			
1961	18.3	9.5	8.8
1962	19.0	10.1	8.9
1963	19.3	10.5	8.8
1965	19.3	10.9	8.4
1966	17,9	10.0	8.0
1967	19.5	10.1	9.4

TABLE III-22

INTENTIONS TO BUY CARS DURING NEXT TWELVE MONTHS (Perceptage of families)

Notes:

Families (some consisting of one person only) that reported they would or probably would buy, plus one-half of those who said they might buy during the next 12 months.

"Uncertain whether new or used" apportioned equally between new and used cars. A very few people who plan to buy both a new and a used car are counted only once in the "all cars" column.

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

INTENTIONS TO PURCHASE⁸

(In percent of all families)

	February 1965	February 1966	Мау 1966	August 1966	November- December 1966	February 1967	May- June 1967	August 1967	November 1967
Houses	8.2	8.2	Ъ	9.0	5.5	7.2	7.3	6.4	7.5
Home improvements and maintenance	27.8	27.8	Ъ	22.4	22.9	30.4	24.2	22.0	24.3
Furniture and major household appliances	28.0	29.1	20.3	27.5	30.3	28.4	28.0	26.6	30.7
Television sets	5.4	6.7	3.6	7.0	8.3	6,2	5.8	6.8	8.5
Refrigerators	5.6	5.2	2.7	5.7	6.6	5.0	5.8	6.6	6.9
Furniture	10.5	12.0	5.4	8.8	11.0	11.9	10.1	8.7	11.0
Washing machines	4.1	4.8	1.8	4.0	2.6	4.3	3.3	2.2	3.6

 a Families who reported that they would, probably would, or might buy in the next 12 months.

^bNoc available.

1967 SURVEY OF CONSUMER FINANCES

RELATION OF INTENTIONS TO BUY TO OPINIONS ABOUT BUYING CONDITIONS (Percentage distribution)

.

•	Nov- Dec. 1966	Nov. 1967 Large	Nov- Dec. 1966 houset	Nov. 1967 wold dur	Nov- Dec. 1966 ables	Nov. 1967
Intentions to buy large household durables	+	l time buy		con; rtain		time buy
Will (probably) buy	32	31	20	22	15	18
Might buy	7	5	8	5	5	8
Will not buy	61	64	71	73	80	74
Don't know; not ascertained	*	*	1	*	*	*
Total	100	100	100	100	100	100
Percent of all families	35	55	45	32	20	13

			Autor	wbiles	_	
Intentions to buy cars		l time buy		o-con; certain	Bad time to buy	
Will (probably) buy	25	24	13	15	10	14
Might buy	7	4	5	8	3	5
Will not buy	66	71	80	77	86	81
Don't know; not ascertained	2	1	2	*	1	*
Total	100	100	100	100	100	100
Percent of all families	23	40	51	30	26	30

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^{*}Less than 0.5 percent.

^aAt least one item.

PART FOUR

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METHODOLOGY

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14

SURVEY METHODS

EARLY in each year, the Survey Research Center collects detailed information on family income, financial assets and debt, automobiles, other durable goods, and housing. The data in Parts I and II of this monograph were obtained from the annual Survey of Consumers. In January and February 1967 hour-long personal interviews were conducted with 3,171 family units.

Four times a year the Center measures changes in consumer attitudes, expectations, and intentions to buy, reported in Part III of this monograph. A battery of questions on opinions and sentiments is included in the annual Survey of Consumers, and also in three other surveys during the year. In 1967, personal interview surveys with about 1,350 families were conducted in May-June and again in November. In August, the telephone was used to reinterview 1,321 respondents who had been interviewed face-to-face at an earlier date.

Sampling and Interviewing

The samples of the Survey Research Center represent crosssections 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, 72 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 60 other sampling units are selected by probability methods from among all remaining counties in the 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 1967, about 2.4 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 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 slightly more than 60 million family units early in 1967, about 1 million more than a year earlier and 10 million more than 10 years earlier.

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 verbatim (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 know 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 change 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 proportion giving favorable or optimistic answers, subtracting the proportion giving unfavorable answers, and adding 100. The results are then adjusted to the base period (Fall 1956=100). The Index is the average of the adjusted relatives for the five questions. 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.

As with all the questions on consumer attitudes and expectations studied in connection with the outlook for consumer demand, the absolute values of the Index are of small importance relative to its changes. Nevertheless, the variation in size of the Index values among different groups of the population is of significance. Table 14-1 presents relevant data from the January-February 1967 Survey of Consumers.

The Index values are much higher for upper-income people than for middle-income people and the latter are much higher than those for lower-income people. Similarly, very extensive variation appears within educational and age groups: the higher the education and the younger the respondent, the higher are the Index values. Differences among educational and age groups are related to income differences; other studies indicate, however, that both education and age exert some influence on consumer optimism even beyond the influence of income. It also appears that respondents residing in suburbs and in towns with 10,000 to 50,000 population are more optimistic than respondents residing elsewhere. On the other hand, the differences among four broad regions of the country in consumer sentiment appear to be comparatively small. Uniformity of sentiment in different regions of the country is probably related to the fact that similar information reaches each region through radio, television, and the printed page.

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 14-2); second, as they relate to differences in survey findings, either differences between two independent samples or differences between subgroups of the same sample (Table 14-3). 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 14-2 or differences larger than those found in Table 14-3 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 14-4 presents the number of cases in the 1967 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 14-5). 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 \$7,500 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 14-6 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 14-6. In this case the relative score consists of the

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

percentage of families who report they will or probably will buy a car during the next 12 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 nonresponse rate in the January-February survey was 82 percent and approximately the same in the other surveys conducted in 1967. 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 on answers to a single question are less reliable than those emerging from 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 (Sheet 1 of 2)

	Percent of all families	Median family income	Index of consumer sentiment
All families	100	\$6,930	92.2
Annual family income			
Less than \$3,000	20	1,770	79.8
\$3,000-4,999	15	3,990	84.8
\$5,000-7,499	20	6,310	90.1
\$7,500-9,999	18	8,750	98.0
\$10,000 or more	27	13,670	102.2
Education of family head			
0~5 grades	7	2,540	80.5
6-8 grades	22	4,670	82.6
9-11 grades	19	6,540	90.0
12 grades	17	7,580	96.5
12 grades and noncollege	11	8,560	95.2
Some college	12	9,160	102.0
College degree	8	9,600	100.5
Advanced degree	4	11,580	105.4
Age of family head			
Under age 25	7	5,350	100.1
25-34	18	7,490	97.1
35-44	19	8,980	98.5
45~54	19	8,570	95.2
55-64	16	7,320	89.8
65-74	13	3,710	79.3
Age 75 or older	8	2,330	78.2
Belt			
Central cities of 12 largest PSU's	13	7,190	88.8
Central cities of other PSU's	17	6,540	94.0
Suburban areas of 12 largest PSU's	14	9,430	95.9
Suburban areas of other PSU's	16	8,460	96.0
Adjacent areas of PSU's	19	6,220	89.7
Outlying areas of PSU's	21	5,060	89.8

INDEX OF CONSUMER SENTIMENT WITHIN VARIOUS POPULATION GROUPS

^aPrimary sampling unit (complete definition and explanation is given early in Chapter 14).

	Percent of all families	Median family income	Index of consumer sentiment
Size of place			
Central cities of 12 largest PSU's	13	\$7,190	88.8
Other places with 50,000 or more population	21	7,120	93.2
10,000-49,999 population	17	7,360	97.0
2,500-9,999 population	21	7,900	95.0
Rural, in an SMSA ^b	5	8,530	94.8
Other rural	23	5,140	86.5
Region			
Northeast	23	7,230	91.7
North Central	30	7,700	94.6
South	31	5,520	90.7
West	16	7,340	91.3

TABLE 14-1 (Sheet 2 of 2)

INDEX OF CONSUMER SENTIMENT WITHIN VARIOUS POPULATION GROUPS

^bStandard metropolitan statistical area.

TABLE 1	4-2
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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

APPROXIMATE SAMPLING ERRORS⁸ OF SURVEY FINDINGS (In percentages by size of sample or subgroup)

^aThe figures in this table represent <u>two</u> standard errors. Hence, for most items the changes 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	14-3
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APPROXIMATE SAMPLING ERRORS⁸ OF DIFFERENCES

	Size of group						
Size of group	3,000	2,000	1,400	1,000	700	500	200
	For	percent	ages fro	om 35 perc	cent to	o 65 p	ercent
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 per	centages	around	20 perces	it and	80 pe	rcent
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 per	centages	around	10 perce	nt and	90 pe	rcent
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 per	centages	around	5 percen	t and	95 per	cent
	1.6	1.7	1.8	2.0	2.2	2.5	3.6
3,000		1.8	1.9	2.0	2.3	2.5	3.6
3,000 2,000		1.0					
		1.0	2.0	2.2	2.4	2.6	3.7
2,000		1.0	2.0	2.2 2.3	2.5	2.6 2.7	3.8
2,000 1,400		1.0	2.0				3.8 3.9
2,000 1,400 1,000		1.0	2.0		2.5	2.7	3.8

(In percentages)

^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.

1967 SURVEY OF CONSUMER FINANCES

TABLE 14-4

NUMBER OF FAMILIES IN SPECIFIED GROUPS

(February 1967 survey)

Group characteristic	Number of families	Group characteristic	Number of families	
All families	3,726			
1966 family income		Occupation of family head		
Less than \$1,000	115	Professional and		
\$1,000-1,999	320	technical	375	
\$2,000-2,999	291	Managers and officials	232	
\$3,000-3,999	283	Self-employed	206	
\$4,000-4,999	276	Clerical and sales	335	
\$5,000-5,999	282	Craftemen and foremen	514	
\$6,000-7,499	479	Semiskilled	577	
\$7,500-9,999	662	Unskilled	382	
\$10,000-14,999	694	Farmers	139	
\$15,000 or more	324	Miscellaneous	230	
- 		Retirød	736	
Life cycle stage of family head		Age of family head		
Under age 45		Under æge 25	248	
Unmarried	228	25-34	663	
Married, no children	188	35-44	712	
Married, youngest child		45-54	727	
under age 6	735	55-64	601	
Married, youngest child age 6 or older	343	Age 65 or older	775	
Age 45 or older		Education of family head		
Unmarried, head in		8 years or less	1,084	
labor force	279	Some high school	692	
Unmarried, head retired	360	High school	632	
Married, no children head in labor force	594	Completed high school plus other noncollege training	g 398	
Married, no children		Some college	437	
head retired	364	College degree		
Married, has children	447	(Bachelor's)	317	
Any age Unmarried, has children	188	College degree (advanced or professiona	1) 146	

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 14-5

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

TE the pe	rcentage is			
II the be	-		10 (00)	r (of)
	50	20 (or 80)	10 (or 90)	5 (or 95)
then the	standard err	or of that percentage is	1	
	1.65	1.3	1.0	0.7
and the s	tandard erro	r of a difference (chang	ge) in that percent	age is
	2.0	1.65	1,2	0.9

TABLE 14-6

STANDARD ERRORS OF THE INDEX OF CONSUMER SENTIMENT AND ITS FIVE COMPONENTS

	Stand	ard error of
	Value	Change
Index of Consumer Sentiment	1.2	1.3
	Relative score	Change of relative score
Components of the index;		
Evaluation of financial situation as compared with a year earlier	2,3	3.0
Expected change in Einancial situation	1.7	2.4
Business conditions expected over the next 12 months	2.3	2.9
Business conditions expected for the next 3 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

^aSee the text of Chapter 14 for the method used to calculate relative scores for the various questions.

15

DEMOGRAPHIC TRENDS

EACH year since 1946 Surveys of Consumer Finances have been conducted with probability samples of American consumers. The information collected in these surveys is used to trace trends in consumer income, consumer attitudes, and in selected major aspects of consumer behavior. It is not the purpose of the surveys to determine changes in demographic characteristics. Government statistical bureaus collect and publish information on such changes, for instance, on changes in the distribution of the population or of families by race, age, occupation, and education, on the basis of much larger sample surveys or even complete enumeration. Yet demographic data as obtained in the Surveys of Consumer Finances are used in this monograph in order to indicate differences in income, or income change, or debt, among family units that are different in such ways as age of the family head, educational attainment, or race. Therefore presentation of data on some demographic trends as obtained by the Surveys of Consumer Finances provides a useful supplement to the main body of the book.

An additional reason for including this chapter is that the data relate to the basic unit of the Surveys of Consumer Finances, the family unit. The distribution of demographic characteristics is often available only for all Americans, or separately from complete families and unrelated individuals. Moreover, data on the distribution of family units by stage of life cycle, a useful concept frequently used in these surveys, are not available elsewhere.

The data presented in this chapter, the same as all other survey data, are subject to sampling errors. Sampling variation explains some of the differences in the distributions obtained in successive years. At the same time the tables in this chapter indicate the reliability of the relatively small samples used by the Survey Research Center. Certain distributions are expected to be fairly constant from one year to the next, as for instance, the distribution of family heads by age or education. The data on these distributions from the surveys based on small samples show very small changes in two successive years. Therefore it is warranted to emphasize the relevance of substantial changes found over longer periods, for instance, from 1950 to 1967.

A family unit consists of one or more persons living in the same household who are related to each other by blood, marriage, or adoption. In the 1946 to 1962 Surveys of Consumer Finances, some families were subdivided into spending units, with which separate interviews were conducted. Secondary spending units were designated within the family unit when it was made up of groups of persons who had separate incomes and pooled less than half of their incomes for joint expenses. However, husbands, wives, and dependent children were always kept within the same unit.

Separate interviews with secondary spending units were necessary shortly after World War II because doubling up of two financially independent parts of the same family (father and his wife living together with working son and his wife) were common in those years and it was not sufficient to obtain data on income or liquid assets from the head of the family alone. Yet the proportion of secondary related spending units declined from 15.6 percent of dwelling units in 1947 to approximately 8 percent in 1962 or 1963. The 1963 survey was based on both units and the later surveys on the family unit alone. In Tables 15-1 and 15-2 the data prior to 1963 are presented on a spending unit basis, the 1963 data on both the spending unit and family unit basis, and the later data on a family unit basis. In certain distributions the differences between spending units and family units are small. Yet, as expected, there were more young family heads and especially more single young heads on a spending unit than on a family unit basis.

Table 15-1 shows that in 1967, 24 percent of heads of family units had some college education as against 17 percent of spending units in 1950-52. The major change in the distribution of family heads by occupation is an increase of the retired to 20 percent in 1967 from 7 percent in 1950-52. There was a smaller change in the same direction in the proportion of heads of family units age 65 or over (Table 15-2). The distributions by regions of the country and place of residence show small declines from 1963 to 1967 in the proportion of family units residing in the South and in central cities other than the 12 largest ones (Table 15-3).

The differences in educational attainment in 1967 are tabulated by other demographic characteristics in Table 15-4. College attendance is much more frequent among the Whites than among the Negroes and in the West than in other regions of the country. It is negatively correlated with age. Among the four broad regions of the country the differences other than in education are relatively small (Table 15-5), a finding relevant for the appraisal of the absence of differences in consumer expectations among the inhabitants of the regions shown in Chapter 14. The differences in demographic characteristics are not large among residents of different kinds of cities, towns, and other areas; yet the differences in housing status are substantial (Table 15-6).

TABLE 15-1

EDUCATION AND OCCUPATION (Percentage distribution)

	Spending units					Fami]	y units	
	Average 1950-52	Average 1956-58	Average 1959~61	1963	1963	1965	1966	1967
Education of family head								
0-5 grades 6-8 grades 9-11 grades 12 grades 12 grades and noncollege training Some college College degree Advanced degree	43 40 17	35 45 20	32 45 23	30 20 26 12 12	31 21 24 12 12	8 21 19 16 12 12 8 4	8 21 18 16 11 14 7 5	7 22 19 17 11 12 8 4
Total	100	100	100	100	100	100	100	100
Occupation of family head								
Professional, technical Self-employed Managers, officials Clerical, sales Foremen, craftsmen Semi-skilled, operatives Laborers, service workers Farmers Miscellaneous Retired Unemployed	7 7 5 13 29 12 9 7 7 4	8 7 5 12 14 14 12 6 5 11 6	10 7 5 12 12 14 10 5 4 14 7	10 6 5 11 13 14 11 3 5 17 5	10 6 10 14 15 12 4 5 18 8 8	10 6 9 10 15 12 12 4 5 17 8	11 6 7 9 14 14 10 3 6 20	10 6 9 14 15 10 4 6 20 a
Total	100	100	100	100	100	100	100	100
Number of cases	3,240	3,057	2,684	2,036	1,879	3,563	2,419	3,165

.

^aOccupation when working is shown.

			Family units					
	Average 1950-52	Average 1956-58	Average 1959-61	1963	1963	1965	1966	1967
Age of family head					_	•	-	-
Under age 25	9	9	8	11	7	9	7	7 18
25-34	23	21	21	18	18	18	18 19	10
35-44	22	23	22	21	22	20		
45-54	19	18	19	18	19	19	20	19
55-64	14	14	15	16	17	17	17	16
Age 65 or older	_13	_15	15	16	17	17	<u>19</u>	<u>21</u> 100
Total	100	100	$\frac{15}{100}$	100	100	100	100	100
Race of family head								
White	90	89	89	89	88	88	90	89
Negro	9	10	10	10	10	9	9	10
Other, not ascertained	1	L	1	1	2	3	<u> </u>	_1
Total	100	100	100	100	100	100	100	100
Life cycle stage of family head								
Under age 45								
Unmarried, no children	13	10	10	10	5	6	6	6
Married, no children	8	7	6	5	6	6	6	5
Married, youngest child	r -							
under age 6	31	23	23	21	22	22	20	20
Married, youngest child	121							
age 6 or older		10	9	9	10	10	10	9
Age 45 or older							. /	
Unmarried, no children	12	15	15	14	14	15	16	17
Married, no children	21	20	19	21	23	24	24	26
Married, has children	11	11	13	14	15	12	13	12
Any age								
Unmarried, has children	4	4	_5	6	5	5	5	5
Total	100	100	100	100	100	100	100	100

TABLE 15-2

AGE, RACE, AND LIFE CYCLE STAGE OF FAMILY HEAD

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TABLE 15-3

REGION, LOCATION, AND SIZE OF PLACE (Percentage distribution of family units)

	1963	1964	1965	1966	1967
Region					
Northeast	22	23	23	24	23
North Central	28	29	29	29	30
South	35	31	32	29	31
West	15	17	16	18	16
Total	100	100	100	100	100
Location (1960 census classification)					
Central cities of 12 largest SMSA's	13	14	13	13	13
Central cities of other SMSA's	23	19	18	17	17
Suburban areas of 12 largest SMSA's	15	13	14	15	14
Suburban areas of other SMSA's	15	1 6	16	15	16
Adjacent areas of SMSA's	16	17	18	19	19
Outlying areas of SMSA's	18	21	21	21	21
Total	100	100	100	100	100
Size of place of residence (1960 census classification)					
Central cities of 12 largest SMSA's	13	14	13	13	13
Other cities 50,000 and over	24	23	22	21	21
Urban places 10,000-49,999	17	15	16	17	17
Urban places 2,500-9,999	1.8	18	20	20	21
Rural areas in SMSA	11	6	6	6	5
Other rural areas	17	24	23	23	23
Total	100	100	100	100	100

TABLE 15-4 (Sheet 1 of 2)

EDUCATION OF FAMILY HEAD BY RACE, AGE, OCCUPATION, STAGE IN FAMILY LIFE CYCLE, AND REGION - 1967

(Percentage distribution of family units)

				Edi	cation of family	head			
	0-5 grades	6-8 grades	9-11 grades	12 grades	12 grades plus non- college training	Some college	College degree	Advanced degree	Total
All families	7	22	19	17	11	12	8	4	100
Race of family head									
White Negro	5 24	21 23	19 23	18 12	11 8	13 6	9 3	4 1	100 100
Age of family head									
Under age 25 25-34 35-44 45-54 55-64 Age 65 or older Occupation of family head	1 2 3 6 10 17	3 7 15 21 32 39	18 21 21 21 15 16	25 24 18 18 16 8	12 15 12 12 8 6	27 15 14 11 8 6	13 10 11 8 8 5	1 6 3 3 3	100 100 100 100 100
Professional, technical Managers, officials Self-employed Clerical, sales Craftsmen, foremen Operatives Laborers, service workers Farmers Miscellaneous Retired	* 5 * 4 6 13 9 4 19	2 6 20 9 19 27 27 27 35 11 39	2 8 18 11 27 25 29 22 20 17	5 16 19 29 21 25 19 18 13 9	11 13 11 20 16 9 8 7 11 5	16 28 19 21 12 7 2 6 20 6	36 25 6 1 1 2 3 18 3	28 3 2 * * * 3 2	100 100 100 100 100 100 100 100 100

^{*}Less than 0.5 percent.

TABLE 15-4 (Sheet 2 of 2)

EDUCATION OF FAMILY HEAD BY RACE, AGE, OCCUPATION, STAGE IN FAMILY LIFE CYCLE, AND REGION - 1967 (Percentage distribution of family units)

				Ed	ucation of family	head			
	0-5 grades	6-8 grades	9-11 grades	12 grades	12 grades plus non- college training	Some college	College degree	Advanced degree	
Life cycle stage of family head									
Under age 45									
Unmarried, no children	3	6	13	20	13	2 1	18	6	100
Married, no children	2	9	13	19	13	25	12	7	100
Married, youngest child under age 6	2	9	21	23	14	17	9	5	100
Married, youngest child age 6 or older	3	13	24	20	13	12	11	4	100
Age 45 or older									
Unmarried, head in labor force	8	24	16	19	10	5	13	5	100
Unmarried, head retired	1 6	42	16	11	. 6	5	2	2	100
Married, no children, head in labor force	6	28	18	17	9	10	8	4	100
Married, no children, head retired	21	37	17	7	5	6	5	2	100
Married, has children	9	27	18	13	11	11	8	3	100
Any age									
Unmarried, has children	5	18	28	21	14	8	4	2	100
legion									
Northeast	7	20	22	20	9	8	9	5	100
North Central	4	24	17	20	12	12	8	3	100
South	14	22	18	13	10	11	8	4	100
West	3	18	18	16	12	18	10	5	100

DEMOGRAPHIC TRENDS

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	Northeast	North Central	South	West	All families
Race of family head					
White	89	94	79	90	89
Negro	8	5	19	4	10
Other	3	_1	2	_6	1
Total	100	100	100	100	100
Age of family head					
Under age 25	5	7	6	10	7
25-34	17	18	16	21	18
35-44	19	19	20	19	19
45-54	22	19	19	19	19
55-64	18	15	16	14	16
Age 65 or older	19	22	23	17	21
Total	100	100	100	100	100
Number of people in family unit					
One	19	17	18	22	18
Two	28	32	32	30	31
Three	17	15	17	12	16
Four	15	15	14	16	15
Five	9	10	9	11	10
Six or more	12	11	10	9	10
Total	100	100	100	100	100

TABLE 15-5

RACE, AGE, AND NUMBER OF PEOPLE IN FAMILY UNIT BY REGION - 1967

TABLE 15-6 (Sheet 1 of 2)

RACE, EDUCATION, AGE, AND HOUSING STATUS BY LOCATION - 1967

(Percentage di	stribution of	family	unit s)
----------------	---------------	--------	-----------------

	Central cities of 12 largest SMSA's	Central cities of other SMSA's	Suburbs of 12 largest SMSA's	Other suburbs of SMSA's	Adjacent areas of SMSA's	Outlying areas of SMSA's
Race of family head						
White	71	81	96	93	93	88
Negro	22	16	2	5	5	11
Other	7	3	_2	_2	2	_1
Total	100	100	100	100	100	100
Education of family head						
0-5 grades	7	8	3	5	9	11
6-8 grades	24	17	16	16	22	32
9-11 grades	21	18	18	20	21	15
12 grades	16	15	18	19	20	15
<pre>12 grades plus non-college training</pre>	11	13	11	13	11	7
Some college	9	15	16	14	8	10
College degree	7	10	12	8	7 e	7
Advanced degree	5	4	6	5	2	3
fotal	100	100	100	100	100	100

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TABLE 15-6 (Sheet 2 of 2)

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RACE, EDUCATION, AGE, AND HOUSING STATUS BY LOCATION - 1967

	(Percentage d	istribution of fami	ly units)			
	Central cities of 12 largest SMSA's	Central cities of other SMSA's	Suburbs of 12 largest SMSA's	Other suburbs of SMSA's	Adjacent areas of SMSA's	Outlying areas of SMSA's
Age of family head					<u> </u>	
Under age 25	8	11	5	6	4	6
25-34	20	18	18	20	17	15
35-44	19	18	24	21	18	15
45-54	16	18	24	22	19	19
55-64	18	16	18	14	14	17
Age 65 or older	19	19	11	17	28	_28
Total	100	100	100	100	100	100
Housing status						
Owns home	30	51	70	74	69	66
Owns crailer	*	1	1	1	4	2
Pays rent	68	47	27	23	22	25
Neither	2	1	2	2	5	_7
Total	100	100	100	100	100	100

*Less than 0.5 percent.

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THE questionnaire used in the 1967 Survey of Consumer Finance is reproduced here. The Periodic Surveys contained a number of additional questions which are reproduced under the tables reporting on findings in the text.

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Interview	Number

Survey Research Center The University of Michigan

1. Interviewer's Label

1967 SURVEY OF CONSUMERS				
PROJECT 763				
January-February 1967				

Sam, Bk. No.		_
Place Codes		-
Do not write	in above spac	ea.

2. Your Interview Number

3. Date _____

4. Length of Interview _____(minutes)

5. INTERVIEWER: LIST ALL PERSONS, <u>INCLUDING CHILDREN</u> LIVING IN THE DWELLING UNIT, BY THEIR BELATION TO THE HEAD.

 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				. –
2.				
3.				
4.	_			
5.				
6.				[
7.				
8.				
9.				
10.				
11.				
12.				

@ 1967 The University of Michigan

17. Have there been any changes in the last year, in the number of people in your family living here? YES 🗌 NO (GO TO Q. 19) 18. What Changes? 19. Do you have any unmarried children under 25 who do not live here with you? YES NO (GO TO Q. A1) (LIST CHILDREN IN ANY ORDER) 20. Is it a son or daughter? 21. How old? 22. In school, working, or what? A: GENERAL ATTITUDES Al. 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? BETTER NOW SAME WORSE NOW UNCERTAIN A2. Why is that?

A3. Now looking shead -- do you think that a year from now you people will be <u>better</u> off financially, or worse off, or just about the same as now?

BETTER	SAME	WORSE	UNCERTAIN
--------	------	-------	-----------

B: HOUS ING

	d like to ta (house/apartm	lk with you about thinge ent)?	here at home, t	When did you move into (YEAR)
B2. How 10	ong have you		<u>county</u> ? E: e.g. BRONX)	<u>(YEARS</u>)
83. Do you (1F	OWNS PAYS	T) own this (home, spartm OR IS BUYING THIS (HOME/ RENT ON THIS (HOME/APART HER OWNS NOR RENTS THIS (APARTMENT).(GO T MENT).(GO TO Q.	О Q. В7) В5)
NEITHER QWNS NOR RENTS)	B4. How i	s that?		(TURN TO Q. B19)
(1F <u>RENTS</u>)	B6. Do yo	how much rent do you pay u rent it furnished or un FURNISHED 🗌 UMFURNIS	furnished? HED	(TURN TO Q. B19)
(IF <u>OWNS</u> OR <u>IS</u> <u>BUYING</u>)	(IF MOVED IN DURING <u>1965 OR</u> EARLIER)	B7. Could you tell me w house (farm) is? bring if you sold i	I mean, abou t today? \$	
	(IF MOVED IN DURING <u>1966 OR</u> <u>1967</u>)	 B8. Was it a brand new before? BRAND NEW B9. How much did the how 	house or had it	been lived in N BEFORE
			\$_	RN_TO Q. B10)
(00)		(\$)	80 (0)	

(IF OWNS OR IS BUYING)

B10,	Do you have a mortgage on this property?			
	YES NO (GO TO Q. B19)			
B11,	Do you also have a second mortgage?			
	YES NO			
		First Mortgage	Second Mortgage	
B12.	About how much is your present mortgage now?	\$	\$	
B13.	How much are your monthly payments?	\$	\$	
B14.	How many years will it be before the mortgage is all paid off?	(years)	(years)	
B15.	Do the mortgage payments take care of fire insurance too?	YES	no no	
B16	Do they take care of the property taxes?	YES	ои 🛄	
B17.	Do they (the mortgage payments) cover any of the utilities too?	🗋 YES	0% []	
B18.	What interest rate are you paying on the mortgage?	(percent)	(percent)	
	(GO ON TO Q. B19, BELOW)			

(ASK EVERYONE) B19. Do you expect to buy or build a house for your own year-around use during the next twelve months? ٠

	(IF <u>NO</u> TO Q. B19)	B20. How about during the year after that?
	(IP <u>YES</u> OR <u>DEPENDS</u> TO <u>EITHER</u> Q. B19 OR Q. B20)	B21. About how much do you think the house and the lot will cost? §
	Ml	M2
м		
P		

t

ADDITIONS AND REPAIRS

(ASK EVERYONE)

.

B22. Did you have any expenses for work done on this (house/apartment) or lot in 1966 things like upkeep, additions, improvements, or painting and decorating? (FARMERS -- EXCLUDE FARM BUILDINGS)

□ YES ↓	🗌 NO (TURN	TO Q. B32)		
	t was done? thing else? (ENTER WORK DONE)			
B24. How	much did it cost?	\$	\$	\$
	you borrow or ance any of it?	TRES NO GO TO BOX A	YES NO	YES NO
(IF <u>YES</u> TO B25)	B26. How much did you borrow or finance?	\$	\$	5
	827. Do you have any- thing left to pay?		UYES NO	$ \begin{array}{c} $
(IF <u>YES</u> TO B27 AND <u>HAS</u> <u>MORTGAGE</u>)	B28. Is what you owe for it included in the mortgage on your house?		☐ YES ☐ NO ∳ GO TO BOX A	YES NO
(IF YES TO B27 AND HAS	B29. How much are your payments?	\$	\$	\$
NO MORTGAGE		per	per	per
<u>no</u> to B28)	B30. How many pay- ments do you have left?			
(IF <u>DK</u> TO B29 OR B30)	B31. How much do you have left to pay?	\$	\$	\$
BOX A		S B23-B31 FOR E		REPAIR
L	ADD	REP	<u> </u>	
COST (\$)				
PAYM				

	(ASK EVERYONE)			
B32,	Do you expect to make any large expen the next 12 months things like upk and decorating? (FARMERS EXCLUDE	eep, additions,	on this house of improvements,	or lot during , or painting
	YES DOSSIBLY, IT	DEPENDS	🗌 NO (GO TO	Q. C1)
	↓ ↓		PAR	
	B33. What do you plan to do?			
	B34. About how much do you think y everything you plan to do dur	ou will spend fo ing the next 12	r months? \$	
	<u>C:</u>	CARS		
C1 .	This next set of questions is about o your family living here who can drive	9	, how many peopl DRIVERS	le are there in
C2.	Do you or anyone else here in your fa	mily own a car?		
	TURN TO B	AGE 9, Q. C39)		
СЗ.	Altogether, how many cars do you and	your family livi	ng here own?	(CARS)
	(IF 2 OR MORE) C4. How long have you had	more than one o	ar in the family	Y?(YEARS)
((INTERVIEWER: ASK REST OF PAGE FOR F	ACH CAR OWNED BY	(राष	
Now 1	I'd like to ask a few questions		,	
about	the car(s) you have now.	CAR #	CAR #	CAR #
C5.	What year model is it?	19(YEAR)	19(YEAR)	19(YEAR)
C6.	What make of car is it? (2 WORD ANSWER)			
с7.	Is it a sedan (2-door or 4-door), a station wagon, convertible, or what?			
C8.	Is it a compact, regular size, something in-between, or what?			
С9.	Who usually drives this car? (RELATION TO HEAD)			
C10.	Did you buy this car new or used?	🗌 NEW 🗍 USED	USED 🗌 USED	🗌 NEW 🗍 USED
C11.	In what year did you buy it?	19(YEAR)	19(YEAR)	19(YEAR)
		-		
]
11	IF BOUGHT IN 1965 OR EARLIER, ASK Q'S C12-C18 FOR EACH CAR.			

IF BOUGHT IN 1966 OR 1967, ASK Q'S C19-C32 FOR EACH CAR.

		CAR #	CAR #	CAR #
LIST	YEAR AND MAKE			
C12.	Do you (R AND FU) owe money on that car now?	NO (GO TO BOX B)	NO (GO TO BOX B)	NO (GO T BOX E
C13.	How much are your payments?	YES † \$ per	☐ YES † \$ per	☐ YES \$ per
C14.	How many payments do you have left to make?			
C15.	Will the final payment be the same as the others?	(GO TO Q. C17)	GO TO Q. C17)	GO TO Q. C17)
		DIFFERENT	DIFFERENT	DIFFEREN
	(IF DIFFERENT) Cl6. Then how much will the final payment be?	\$	\$	ş
C17.	Do your car payments include automobile insurance?	YES NO	TARE NO	T AER T
C18.	Was the financing arranged by the car dealer?	YES NO	T XES 1 NO	YES D
			·	· • •

RID

LIST CARS BOUGHT IN 1966 OR 1967 (Q. C11), AND ASK C19-C32 FOR EACH CAR. Now about the cars you bought in 1966 or already this year				
SHOW_BLUE CARD 1 TO RESPONDENT.	CAR #	CAR Ø	CAR #	
LIST YEAR AND MAKE				
C19. What was the total price of this car?	\$	\$	\$	
TP C20. When you bought this car did you trade-in or sell a car? (IF TRADE-IN OR SALE) C21. What did you get for the trade-in or sale? TI		УКС ПКО Ч З Ч		
C22. How much did you pay down in cash?	\$\$	\$	\$	
C23. Bid you borrow or finance part of the total price?	INO (GO TO BOX C) INYES	, № (GO TO ВОХ С) УЕS	(NO (GO TO BOX C) YES	
(IF BORROWED) C24. How much did you borrow, not including financing charges? AB			\$	
C25. How much were your payments and how often were they made?	\$	\$	\$ per	
C26. How many payments did you agree to make altogether?				
C27. How many payments have you made?				
C28. How many payments do you have left to make?	 			
C29 Will the final payment be the same as the others?	GO TO Q. C31)	GO TO Q. C31)	GO TO Q. C31)	
(IF DIFFERENT) C30. Then how much will the		<u> </u>		
final payment be?	\$	\$	\$	
RID C31. Do your car payments include automobile insurance?			YES HO	
C32. Was your financing arranged by the car desler?	YES NO		YES WO	
L			+	
BOX C (INTERVIEWER: ASK QUESTIONS C19-C32 FOR EACH CAR LISTED, THEN TURN TO NEXT PAGE)				

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LIST ALL CARS BOUGHT IN 1966 OR 1967 <u>with a trade-in or bale</u> ("Yes" to C20) Ask C33-C38 about the <u>trade-in</u> .					
Now about the car(s) you traded-in (sold) when you bought your(YR.					
		CAR #	CAR #		
LIST	YEAR AND MAKE OF CAR <u>BOUGHT</u> .				
C33.	What year model was the <u>car you traded-in</u> (sold)?	19(YEAR)	19(YEAR)		
C34.	What make was <u>it</u> ? (2 WORD ANSWER)		·		
C35,	What year did you buy the <u>car you traded-in</u> (<u>sold</u>)?	19(YEAR)	19(YEAR)		
C36.	Did you buy it new or used?	🗌 NEW 🚺 USED	HEW [] USED		
C37.	Was it a sedan (2-door or 4-door), station wagon, convertible, or what?				
C38,	When you traded it in (sold it) was it in good shape, did it need some repairs, or was something seriously wrong with it?				

(ASK EVERYONE)

C39. During 1966 did you sell, give away, or scrap a car that we haven't talked about? (ASK Q'S C40-C44 FOR EACH SUCH CAR)

	YES
Ŧ.	

🗌 NO (TURN TO Q. C45)

C40.	What year model was it?	19(YBAR)	19(YEAR)
C41,	What make was it?		
C42.	Did you sell it, scrap it, wreck it, or what?		
C43.	When did you buy <u>that</u> car?	19(YBAR)	19(YEAR)
C44.	Any other cars you got rid of?		
	YES (ENTER DETAILS IN Q'S C40-C44)		
	NO (TURN TO Q. C45)		

C45. Do you expect to buy a car during the next twelve months or so? ______

C46. Does anyone else in the family living here expect to buy a car during the next twelve months?

<u>PROBABLY</u> , OR <u>MAYBE</u> TO Q. C45 <u>OR</u> C4	⁶) c48.	Will it be a brand new car or a used car? (IF TWO CAR FURCHASES PLARNED, USE MARGIN FOR SECOND) NEW USED UNCERTAIN When do you think you might buy this car?
	C49.	How much do you think you will pay for it?
		\$(IF OWNS CAR(S) NOW)
	C50.	At that time will you trade in or sell (any of) your present car(s)?
(IF <u>NO</u> TO Q. C45 <u>AND</u> ((51,	How long do you think it will be before you buy a car? (GO TO Q, C52)
n-t		
		out cars. Now I'd like to ask you about trucks. Do you family here own any kind of a truck or pick up?
or anyone el		family here own any kind of a truck or pick up?
or anyone e) YES C53. How	many do ye	family here own any kind of a truck or pick up?
or anyone e) YES C53. How C54. What C55. Do y (show	many do ye t year mode you people opping, fi:	family here own any kind of a truck or pick up? NO (TURN TO Q. DI) Ou own? el (is it/are they)?
or anyone e) YES C53. How C54. What C55. Do y (show	many do yo t year mode you people opping, fi business	family here own any kind of a truck or pick up? NO (TUEN TO Q. Dl) ou own? el (is it/are they)? (YEAR) (YEAR) (YEAR) (YEAR) ever use (it/any of them) for personal transportation, shing or hunting, and the like), or (is it/are they) only
or anyone e) YES C53. How C54. What C55. Do y (shu for C56. Do y	many do yo t year mode you people opping, fi: business YES, US FOR PER	family here own any kind of a truck or pick up? NO (TURN TO Q. Dl) el (is it/are they)? (YEAR) (YEAR) (YEAR) (YEAR) ever use (it/any of them) for personal transportation, shing or hunting, and the like), or (is it/are they) only or farming? E VEHICLE NO, DO MOT USE VEHICLE D.K. SOMAL USE FOR FERSONAL USE (TURN TO Q. Dl)
or anyone e) YES C53. How C54. What C55. Do y (shu for C56. Do y	many do yo t year mode you people opping, fi: business YES, US FOR FER you use (i	family here own any kind of a truck or pick up? NO (TUEN TO Q. Dl) ou own? el (is it/are they)? (YEAR) (YEAR) (YEAR) (YEAR) ever use (it/any of them) for personal transportation, shing or hunting, and the like), or (is it/are they) only or farming? E VEHICLE NO, DO MOT USE VEHICLE D.K. SOMAL USE FOR FERSORAL USE (TUEN TO Q. Dl) (TUEN TO Q. Dl) t/them) for personal transportation frequently, occasionally,

.

(INTERVIEWER: ENCOURAGE. WIFE TO HELF WITH THIS SECTION)

D: OTHER DURABLES

D1. How about large things for the home -- did you buy anything in 1966 such as furniture, a refrigerator, stove, washing machine, television set, air conditioner, household appliances, and so on?

YES

NO -- (TURN TO Q. D13)

1				
D2. What did	you buy? anything else? (ENTER EACH ITEM)			
	n did it cost, not g financing charges?	\$	\$	\$
you mell	re a trade-in, or did Lyour old one, or what?	TI S NO G G TO G G TO G, D6)	TI 8 №0 □ □ □ ↓ ↓ (GO TO ♀. D6)	TI 5 №0 □ □ □ ↓ ↓ (GO TO Q. D6)
(IF TRADE-IN OR SALE)	D5. How much did you get for it?	\$	\$	\$
	buy it on credit, or n, or what?	CASH ONLY (GO TO BOX D)	GO TO BOX D)	CASH ONLY (GO TO BOX D)
D7. How much cash?	n did you pæy down in	¥	\$	\$
D8, Do you a left to	still have anything pay?	☐ YES ☐ NO ↓ GO TO BOX D	☐ YES ☐ NO ↓ GO TO BOX D	UYES NO GOTO BOX D
(IF <u>YES</u> TO Q. D8)	D9. How much are the payments?	\$ per	\$ per	\$ per
	D10. Are the payments all the same amount, or does what you pay depend on how much you owe, or what?	ALL SAME (ASK Q. D11) DEP. ON BALANCE (GO TO Q. D12) OTHER	ALL SAME (ASK Q. D11) DEP. ON BALANCE (GO TO Q. D12) OTHER	ALL SAME (ASK Q. D11) DEP. ON BALANCE (GO TO Q. D12) OTHER
		 (GO TO Q, D12)	<u>(GO TO Q. D12)</u>	(GO TO Q. D12)
	(PAYMENTS ALL SAME) D11. How many more pay- ments do you have left to make? (OMIT Q, D12)			
	(DEFENDS, OTHER, OR D.K. TO Q. D9, D10, D11) D12. How much do you have left to pay?	\$	ş	\$
BOX D	(INTERVIEWER: REPEAT Q'S L Q. D13)	3-D12 FOR EACH I	TEN MENTIONED, 1	HEN TURN TO
[

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	(ASK EVERYONE)							
D13.	About the big things people buy furnishings, refrigerator, stor <u>speaking</u> , do you think now is a household items?	ve, televie	sion, and	things	like that	Gene	<u>rally</u>	
	GOOD PRO~CO	я (BAD	C	UNCERT/	NIN		
	D14. Why do you say so?	_						
D15.	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?							
	(IF YES OR MAYBE)							
	D16. What do you expect to buy? anything else? (ENTER (ITEMS)							
	D17. Would you say you definitely will buy a (MENTION ITEM) during the next 12 months, or that you probably will, or are you undecided?	PROI	DEFINITELY PROBABLY UNDECIDED		DEFINITELY		DEFINITELY	
	D18. About how much do you think you will spend on it?	\$		\$		\$		
	(INTERVIEWER: REPEAT Q'S D17	-D18 FOR EA	ACH ITEM	MENTIONE	D)	_		
D19.	(ASK EVERYONE) We are also interested in larg <u>1966</u> .	er things i	for your	home whi	ch you (F	U) boug	ht <u>before</u>	
	(INTERVIEWER: ASK Q's D20, 21, 22 FOR EACH SEPARATE ITEM)	Blk, & W. <u>TV Set</u>	Color TV Set	Regrig- erator	Washing <u>Machine</u>	<u>Sto</u> ve	Room Air Condi- tioner	
D20.	Do you have a(MENTION that you ITEM) bought <u>before</u> HAVE 1966? DON'T HAVE							
D21.	About how old is it? (YEARS)						- 	
D22.	How many times was it repaired last year?							

PDP

NO ADDITIONAL DEBT (GO TO Q. E6.)

E: OTHER PAYMENTS AND DEBT

E1. We've talked about housing, cars, and household appliances. Do you owe for anything else on which you make regular payments?

E2. What is it for?	E3. How much are the payments?	E4. How many have you already made?	E5. How many do you have left to make?
Item	- <u> </u>		
	\$per (wk.,mo.)		
	<pre>\$per</pre>		
	\$per (wk.,mo.)	- <u>-</u>	
	\$per (wk.,mo.)		
	\$ (wk.,mo.)		

- E6. Row about travel expenses or medical expenses? (IF YES, ENTER IN Q. E2.-E5.)
- E7. Do you make (any other) regular payments, say, to a loan or finance company, that we have not yet talked about?

T YES (ENTER DETAILS AND USE OF MONEY IN Q.E2-E5.) [NO (GO TO Q. E8)

E8. Do you (or your wife) work for an employer who deducts income taxes and social security from your (or her) pay?

YES, DEDUCTED	NO, PAY TAXES DIRECTLY/NOT CURRENTLY EMPLOYED (TURN TO Q. E10)
E9. Are there other deductions f	rom your pay such as (READ CATEGORIES TO RESPONDENT)
Furchase of stocks	Pensions or retirement benefits
🛄 Saving	Insurance
Repayment of debts (ENTER)	DETAILS AND USE OF MONEY IN E2-E5)
🛄 Anything else	
NO DEDUCTIONS	

T YES, OWES

D23.		ere some other things you (and your family) would like to buy or replace the next few years, or do you have most of the things you want?
	ļ	THINGS WOULD LIKE TO BUY OR REPLACE THAVE MOST THINGS WE WANT (GO TO $\underline{Q. D25}$)
	D24 ,	What things do you have in mind?
	D25.	What about sport and hobby items?
D26.		u or anyone else in the family take a vecation trip of five days or more the last 12 months? YES
	p27.	Roughly how much did you spend altogether, including transportation and other things that cost more than if you were home?

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E10. Sometimes people make arrangements to have payments made <u>for</u> them by their bank, or by their relatives, or perhaps by someone else. Do you (FU) have any kind of arrangement like that?

(IF REPAYMENT OF DEBT, ENTER DETAILS IN E2-E5)

E13.	Suppose you'd like to make some more large purchases; would it be easy or a hardship for you to take care of larger payments than you make now
E14.	Were any of the regular payments we talked about so far for business purposes or investments?
	YES NO (GO TO Q. B16) ¥15. Which ones?
B16.	In making payments on your debts in 1966, did you make the payments in the way they were scheduled, did you get behind, or did you make payments that were larger or more frequent than scheduled?
B16.	in the way they were scheduled, did you get behind, or did you make
¥16.	in the way they were scheduled, did you get behind, or did you make payments that were larger or more frequent than scheduled?

Ę

EVERYON	E)	<u> </u>	(GO TO	Q. E19)
Do you	fowe any money on which you life insurance policy, or a			
۔ ســـــ] YES NO	(GO TO Q. 224)	,	
E20	What is it for?			
B 21.	How much de you still owe?	\$	\$ <u></u>	\$
E22.				— N 10
	on it too?	T YES	🗖 YES	T YES
Ì		0%	🖂 ио	ои 🗔
				_ <u></u>
E23.	Do you have any other loa	ns like that?		
		TH 0 #10 #1	?)	
ļ	YES (ENTER DETAILS AS			

E24. In 1966 did you finish making payments on a loan or something you had bought?

□] YES ↓			□ NO (TURN TO Q. F1)				
B25.	What vas <u>ITEM</u>	that?	E26.		you start SM) in 196 YES YES YES YES YES	making payments on 6? NO NO NO NO NO NO	
						·· · · · · · · · · · · · · · · · · · ·	

(ASK ONLY IF FU HAS NO MONTHLY PAYMENTS NOW)

F: OCCUPATION AND EMPLOYMENT

F1. 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, or what?

RETIRED	
PERMANENTLY DISABLED (TURN TO Q. F16)	
HOUSEWIFE	
STUDENT (TURN TO PAGE 19, Q.F22)	
HANDLES OWN WORKING NOW UNEMPLOYED, SICK, O INVESTMENTS ONLY IAID OFF TEMPORARIL F2. What is your (HEAD'S) main occupation?	
F3. Tell me a little more shout what you (HEAD) do? F4. What kind of business is that in? F5. Do you (HEAD) supervise other people?YESNO F6. Do you (HEAD) work for someone else, or yourself, or what?	
SOMEONE ELSE DE BOTH SOMEONE ELSE AND SELF SELF ONLY (GO TO Q. F	5)
F7. Do you belong to a labor union? YES NO	
(ASK Q. F8-F13 FOR HEAD'S MAIN JOB)	
78. Now about the work that you do <u>now</u> (your main job) how long have you been doing this kind of work (how many years)?	_
F9. How many weeks of vacation did you (HEAD) actually take in 1966?	
10. How many weeks were you (HEAD) unemployed last year?	_

'11. How many weeks were you (HEAD) ill or not working for any other reason last year?

F12.	Then, how	many weeks did you (HEAD) actually work on the job in 1966?
F13.	How many	hours a week did you (HEAD) usually work when you were working?
F14.	Did you (HEAD) also have a second job in 1966?
	T YES	(TURN TO Q. F22)
	F15. Abo job	out how many hours all together did you (HEAD) work in 1966 on an extra ?(TURN TO Q, F22)
F16.	(INTERVI)	WER: BEE Q. F1, PAGE 17 AND CHECK BOX.) HEAD IS
		TIRED HOUSEWIPE PERMANENTLY DISABLED
	F17. V	That kind of work did you (HEAD) do when you worked?
	_	
		(IF HEAD <u>NEVER WORKED</u> , THEN TURN TO Q. F22)
	1	718. Tell me a little more about what you did.
	F19. 1	What kind of business was that in?
	F20. 1	Did you (HEAD) work for someone else, yourself, or what?
		SOMEONE ELSE SELF BOTH SELF AND SOMEONE ELSE
	F21. 1	Did you supervise other people? 🗌 YES 📋 NO

F22.	(INTERVIEWER: CHECK BOX)
	MALE FU HEAD HAS WIFE MALE FU HEAD HAS NO WIFE FEMALE HEAD (TURN TO Q. G1) (TURN TO Q. G1)
F23.	T Did your wife do any work for money during 1966?
	YES INO (TURN TO Q. G1)
F24.	* What kind of work did she do?
	The set of
	F25. Tell me a little more about what she did.
	· ·
F26.	What kind of business is that in?
F27.	Was she working for someone else, herself, or what?
l	Someone else 🔲 self 📋 both someone else <u>and</u> self
F28.	About how many hours a week did she work when she was working?
F29.	How many weeks did she actually work in 1966?

G: INCOME

(INTER	VIEWER: SEE Q. F2, PAGE 17 AND CHECK ONE)	
	□ FARMER □ NOT FARMER (GO TO Q. G5)	
G2.	What were your total receipts from farming in 1966, including soil bank payments and commodity credit loans? Ş	
63.	What were your total operating expenses, not counting living expenses?	
G4.	That left you a net income from farming of? A - B = \$	
(ASK E	.veryone)	
	ou or anyone else in the family living here own a business at or have a financial interest in any business enterprise?	any time i
,	П YES П NO (GO TO Q. G9)	
G6.	What kind of business is it?	
G 7.	Is it a corporation or an unincorporated business or do you interest in both kinds?	have an
	CORPORATION (GO TO Q. C9)	
	UNINCORPOBATED DON'T KNOW	
G8.	How much was your (family's) share of the total income from the business in 1966 that is, the amount you took out plus any profit (you) left in? \$	
	ich did you (HEAD) receive from wages and salaries in 1966, .e, before anything was deducted for taxes or other things?	\$
	lition to this, did you (HEAD) have any income from overtime, es, or commissions?	
bonuse		

1967 SURVEY OF CONSUMER FINANCES

G12. Did you (HEAD) receive any other income in 1966 from:

(IF YES TO ANY ITEM, ASK, "How much was 1t?"	8.	professional practice or a trade	۶
AND ENTER AMOUNT AT RIGHT)	Ъ,	farming or market gardening, roomers or boarders	\$
(1F <u>NO</u> , ENTER "0")	c,	dividendø	\$
	d.	rent, interest, trust funds, or royalties	\$
	е.	social security	\$
	f.	other retirement pay, pensions, or annuities	\$
	8.	any other sources, like family allotments, unemployment compensation welfare, or help from relatives	
	h.	anything else(SPECIFY)	\$

G13. (INTERVIEWER: CHECK BOX) MALE FU HEAD HAS WIFE MALE FU HEAD HAS NO WIFE FEMALE FU HEAD (TURN TO Q. G17) (TURN TO Q. G17)

G14.	Did your □YE ↓	wife have any incom- S	e during 1966?]]NO (TURN TO Q. G17)	
			ages, a business, or what? RVIEWER: ASK SOURCES ah	
		iow much was it refore deductions	(SOURCE) (SOUR	CCE) = \$

G17.		ERVIEWER: SEE FACE SHEET AND OLDER AND CHECK BOX)	FOR ANYONE (OTH	ER THAN HEAD AND	WIFE) AGED
		NO ONE 14 OR OLDER EXC	EPT HEAD (AND/OR	WIPE) (GO TO	Q. G23)
		OTHER FAMILY MEMBERS 1	4 AND OLDER		
		+	··· <u>··</u> ·····		
		MEMBERS 14 AND OLDER O HEAD <u>AND</u> AGE			
G18.		MENTION MEMBER) have any e during 1966?	GO TO BOXE)	GO TO BOXE)	□NO (GO TO BOXÉ)
		_	YES	🗌 YES	TYES
(IF <u>YES</u> TO Q.	G19.	Was it from wages, pension, interest, a business, or what?	l i	ł	+
G18)		(ASK SOURCES ah)	SOURCE SOURCE	SOURCE SOURCE	SOURCE SOURCE
ļ	G20.	How much was it?	\$ \$	\$\$	\$\$
	G21.	Does he (she) keep his (her) finances	GO TO BOX E)	GO TO BOXE)	□NO (GO TO BOXE)
	L	separate?	YES	TES	T YES
	(IF YES TO Q.	G22. Does he (she) contribute half or more of his	↓ [] №0	∲ ⊡ ю	ל ⊡וסא
	G21)	(her) income for joint family expenses?	TYES .	[] YES	🗌 YES
			<u>↓ </u>	1	
	BOX E	ASK Q. G18-G22 FOR EA	ACH FU MEMBER 14	OR OVER, THEN GO) TO Q. G23.
G23. H	low muc	h does your family income	e <u>go up and down</u>	from month to mo	inch?
	□ A L	OT A LITTLE BIT	STAYS PRETTY	MUCH THE SAME	D.K.
	iave th amily?		the last year in (TURN TO Q. G26)	the <u>number of ea</u>	arners in your
ſ	G25.	What changes?			
-					

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	HER IN 1966 CLOWER IN 1966 SAME (GO TO Q. G29)
G27.	What are the main reasons why it was higher (lower)?
G28.	Was it a lot higher (lower) or just a little higher (lower)?
	A LOT A LITTLE
геуоч []МШС	making much more now, a little more, the same, or less? H MORE A LITTLE MORE THE SAME LESS our family income for this year (1967) be higher or lower than last y
re you MUC 111 yc 1966)1	making much more now, a little more, the same, or less? H MORE A LITTLE MORE THE SAME LESS our family income for this year (1967) be higher or lower than last y
re you MUC 111 yc 1966)1 HIC 	H MORE A LITTLE MORE THE SAME LESS
re you MUC 111 yc 1966)1 HIC 	making much more now, a little more, the same, or less? H MORE A LITTLE MORE THE SAME LESS Sur family income for this year (1967) be higher or lower than last y HER IN 1967 LOWER IN 1967 SAME (GO TO Q. G33)
re you MUC 111 yc 1966)1 HIC 	making much more now, a little more, the same, or less? H MORE A LITTLE MORE THE SAME LESS Sur family income for this year (1967) be higher or lower than last y HER IN 1967 LOWER IN 1967 SAME (GO TO Q. G33)

G33. Thinking ahead about four years, would you say that your family income will be much higher, a little higher, the same, or smaller than it is now?
 MUCH HIGHER A LITTLE HIGHER THE SAME SMALLER D.K.

H: ATTITUDES

We're interested in how people feel about making payments on things, for instance when they buy on time, or borrow.

H1. Do you (HEAD) think it is a good idea or a bad idea for people to buy things on the installment plan?

H2. Why do you think so?

H3. People have many different reasons for borrowing money which they pay back over a period of time. (SHOW GREEN CARD 2 TO RESPONDENT.) Would you say it is all right for someone like yourself to borrow money...

z)	to cover expenses due to illness	T YES	DN D
b)	to cover the expenses of a vacation trip	🗀 Yes	□ ₩0
c)	to finance the purchase of a fur coat or jewelry	T YES	D NO
d)	to cover living expenses when income is cut	🗀 Yes	D NO
e)	to finance educational expenses	YES	no 🖂
£)	to finance the purchase of a car	🗂 Yes	DN 🗔
g)	to finance the purchase of furniture	🗖 YES	DN 🛄
h)	to pay bills which have piled up	🔲 YES	DN D

H4. Speaking of buying a car on time, Mr. X has just done so although he has enough money in the bank to pay cash. Why do you think he bought the car on time?

H5. What kind of a man do you think he is?

H6. Since you (HEAD) were 18, how much of the time have you been making installment payments on something or other; all the time, most of the time, only for a period of time, or hardly ever?

ALL THE	MOST OF	DNLY FOR	HARDLY EVER	MEVER
TIME	THE TIME	A PERIOD		

E7. 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.)

Do you think the on where you bor	re is a difference in the interest or carrying charges dep row the money?
	NCE DON'T KNOW (GO TO Q. H11) (GO TO Q. H11)
	uld they be the lowest?
H10. Where wo	
H10. Where wo	
H10. Where wo	
Do you happen to	know whether there have been any recent changes in the in installment buying?
Do you happen to	installment buying?
Do you happen to rate charged on	installment buying? HAVE [] KNOWS THERE HAS [] D.K. (GO TO Q. H13) BEEN NO CHANGE (GO TO Q. H13)
Do you happen to rate charged on E KNOWS THERE BEEN CHANGES	installment buying? HAVE [] KNOWS THERE HAS [] D.K. (GO TO Q. H13) BEEN NO CHANGE (GO TO Q. H13)
Do you happen to rate charged on E KNOWS THERE BEEN CHANGES	installment buying? HAVE [] KNOWS THERE HAS [] D.K. (GO TO Q. H13) BEEN NO CHANGE (GO TO Q. H13)
Do you happen to rate charged on E KNOWS THERE BEEN CHANGES H12. What kin	installment buying? HAVE [] KNOWS THERE HAS [] D.K. (GO TO Q. H13) BEEN NO CHANGE (GO TO Q. H13)

,

H15.	Do you and your family have any	other charge accounts or credit cards?
	☐ YES ↓ ↓	СО то Q. E17)
	B16. How many of them do you	u (R AND FU) use?
		(NUMBER USED)
H17.		blving credit accounts that is, accounts for something over several months?
	T YES	МО
H18.	Do you happen to know anyone wh behind in the payments?	no has had anything repossessed because he got
	🗀 YES	С NO
H19.	Do you know anyone who has had a debt?	his earnings attached or garnisheed to pay off
	T YES	С ко
Н20.	Do you know anyone who has gone	e through bankruptcy?
	T YES	NO NO
H21.	How do you think people get in or bankruptcy?	to such situations like repossession, garnishment,
		·

I: GENERAL ATTITUDES

Now I'd like to ask you some questions of a more general nature.

II. 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?

I WILL GO UP I STAY THE SAME I WILL GO DOWN

- 12. 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 per cent higher, or 5 percent, or closer to 10 percent higher than now, or what?
- I3. Would you say that these (rising/falling/unchanged) prices would be good, or bad, or what?
- 14. Now, turning to business conditions in the country as a whole -- do you think that <u>during the next twelve months</u> we'll have good times financially, or <u>bad</u> times, or what?

	[] G	OOD TIMES	🗖 600D, 1	WITH QUALIFICATIONS	PRO-CON
	🗖 В.	AD, WITH QUALI	FICATIONS	BAD TIMES	UNCERTAIN
15.	Why do	o you think th	nat?		

I6. Would you say that business conditions are <u>at present</u> better or worse than they were <u>a year ago</u>?

🔲 BETTER NOW

ABOUT	THE	SAME

WORSE NOW

QUESTIONNAIRE

17.	During the <u>last few months</u> , have you heard of any favorable or unfavorable changes in business conditions?						
	(IF YES) I8. What did you hear?						
19.	And how about a <u>year from now</u> , do you expect that in the country as a whole business conditions will be better or worse than they are <u>at present</u> , or just about the same?						
	🗂 BETTER A YEAR FROM NOW 📋 ABOUT THE SAME 🔲 WORSE A TEAR FROM NOW						
110.	Looking ahead, which would you say is more likely that in the country as a whole we'll have continuous good times <u>during the next five years</u> or so, or that we will have periods of widespread unemployment or depression, or what?						
(IF D KNOW DEPE							
112.	How about a receasion and unemployment like we had in 1958 and in winter 1960-61; do you think this will happen again?						
(IF W PROB	ILL, I13. Why do you think so?						
	ICHT The these when will (wheth) it same in your eninter?						
115.	And how about people out of work during the <u>coming twelve months</u> do you think that there will be <u>more unemployment</u> than now, about the <u>same</u> , or <u>less</u> ?						
	MORE ABOUT THE SAME LESS						
	OTHER COMMENTS :						
I16 .	Why do you think so?						

_

II7. How do you think the way things are going in the world today -- I mean Vietnam, the cold war, our relations with Russia and China -- are affecting <u>business conditions</u> here at home?

I18. Do you think they make for good or bad economic conditions at home, or what?

Il9. Why do you think so?_____

J: ASSETS

We've talked about the payments you are making, the amounts you have to pay, and your income. We would like to have an idea of how you might handle emergencies.

J1. Do you (R AND FU) carry any life insurance	J1.	Do you	(R AND	FU)	carry	any	life	insurance
--	-----	--------	--------	-----	-------	-----	------	-----------

_ ¥es	□NO (GO TO Q. J5)
(SHOW YEL	LOW CARD 3 TO RESPONDENT)
	h of the groups on the card shows the total amount of life insurance (R AND FU) have? \$ OR
	☐a ☐b ☐c ☐d ☐e ☐f LESS THAN \$500 \$1,000 \$5,000 \$10,000 \$50,000 \$500 -999 -4,999 -9,999 -49,999 OR MORE
J3. Can	you get a loan from your insurance company on any of these policies?
J4. D1d	you (R AND FU) take out any new or additional life insurance in 19667

J5. Do you (R AND FU) have any checking accounts?

, in the second	YES	ОИ	(TURN TO C). J7)			
(SHO)	VELLOW	CARD 3 TO	RESPONDENT	:)	-		
J6.	<u>About</u> ho	w wuch do	you usual)	ly have i	n them?	\$	OR
	<u>a</u>	ĽÞ	۵ ا	٥	•	🗌 f	

J7. What about savings accounts? Do you (R AND FU) have any savings accounts in banks, savings and loan associations, or credit unions?

	∏ YES ☐ NO (GO TO Q. J11)								
	(SHOW YELLOW CARD 3 TO RESPONDENT)								
	J8. About how much do you (R AND FU) have altogether in these savings accounts? \$ OR								
	a b c d de f								
	J9. How important is it to you to be adding to your savings?								
	VERY IMPORTANT IMPORTANT NOT VERY IMPORTANT (GO TO Q. J11)								
	J10. Is it more important than usual right now?								
	☐ YES, MORE ☐ NO, IT'S ☐ DON'T KNOW IMPORTANT ALWAYS THAN USUAL IMPORTANT								
J11.	What about stock? Do you (R AND FU) own any common or preferred stock in a corp- oration, including companies you have worked for, or own stock through an invest- ment club, or own shares of a mutual fund?								
	Турез Пио (Go to Q. J13)								
	(SHOW YELLOW CARD 3 TO RESPONDENT)								
	J12. About how much are these stocks worth? \$ OR								
J13.	Do you (R AND FU) have any government savings bonds, corporate or municipal bonds								
	ПУЕS ПОО (ТURN TO Q. KI)								
	(SHOW YELLOW CARD 3 TO RESPONDENT)								
	J14. How much do you have altogether? \$ OR								
	□a □b □c □d □e □f								

K: INFORMATION ABOUT FAMILY

(ASK EVERYONE)

Ki. Now I have just a few more questions. Are you (HEAD) married, single,widowed, divorced, or separated?

	MARRIED	SINGLE	WIDOWED	DIVORCED	SEPARATED
				\sim	
			(GO	TO Q. K3)	
(IF MARRIED	↓		<u> </u>		
AND LIVING TOGETHER)	K2. How	long have you	u been married?		YEARS
<u>10001101(</u>)	L				
			(HEAD)	(WIFE	IF APPLICABLE)

	_				(8650)	(WIFE IF APPLICABLE)	
κз.		many gi you (Hi		of school inish7	(GRADES)	(GRADES)	
	(IF MORE THAN	E other schooling?			[] NO [] YES	NO YES	
	 (IF K5. What other schooling TO did you Q.K4) have? 		schooling did you	(COLLECE, SECRETARIAL, BUSINESS, TRADE SCHOOL, NURSING, ETC)	(COLLEGE, SECRETARIAL, BUSINESS, TRADE SCHOOL, NURSING, ETC)		
			(119 K6.	ANY COLLEGE) Do you have a college degree?	[] ю [] Yes	רא ר יא די ד YES	
			(<u>I</u> P K7.	YES TO Q. K6) What degree(s) do you have?	· · · · · · · · · · · · · · · · · · ·		

K8. Are there people who do not live here with you but are dependent on you for more than one-half of their support?

Ţ.×	ES			₩0	(TURN	TO	Q.	K10)	
K9.	How	many?	_					_	

K10. (INTERVIEWER: CHECK BOX)

	IEAD LESS THAN HEAD 60 OR OLDER O YEARS OLD OR SECONDARY FU (GO TO Q. K14)					
K11.	We asked you a number of questions about the future, so we may want to talk with you again to see how things worked out. Do you think you might move during the next 12 months?					
	YES PROBABLY DEPENDS D.K. NO (GO TO Q. K13) Image: Constraint of the state					
	K12. If you do move, where do you think you will be living?					
	(CITY) (STATE)					
К13.	Would you mind giving we your phone number? (ENTER PHONE NUMBER ON COVER SHEET Q. 2)					

- K14. 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 in this card. (HAND REPORT REQUEST CARD TO R)
- K15. I have no more questions. Thank you very much for your help.

(INTERVIEWER: CHECK TO MAKE SURE Q's 2, 3, 4 ON PAGE 1 ARE COMPLETE. REMEMBER TO PINISH THUMBNAIL SKETCH AND FOLLOW-UP SHEET.)

L: OBSERVATION DATA

(INTERVIEWER: BY OBSERVATION ONLY)

L1.	Sex of <u>Head</u> of Family Unit: MALE	FEMALE
L2.	Sex of Respondent: MALE	E FEMALE
L3.	Race: WHITE NECRO OTHE	R (Specify)
L4.	Number of calls:	
L5.	Who was present during interview:	
L6.	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)	
L7.	<u>MEIGHBORHOOD</u> : Look at 3 structures on e yards or so in both directions and check	
	VACANT LAND ONLY TRAILER DETACHED SINCLE 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,

L8. Did the respondent understand the questions and answer readily, or did he have some difficulty understanding and answering? (NOT COUNTING LANGUAGE DIFFICULTY)

R WAS ALERT AND QUICK TO ANSWER	R COULD UNDERSTAND AND ANSWER QUESTIONS SATISFACTORILY	R WAS SLOW TO UNDERSTAND AND HAD DIFFICULTY ANSWERING QUESTIONS
COMMENTS:		
If Respondent's answer	s to factual questions (hous	se value, income, etc.) seem

L9. If Respondent's answers to factual questions (house value, income, etc.) seem badly out of line with your observations, please note below.

(USE NEXT PAGE FOR THUMBNAIL SKETCH)

17

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