SURVEY OF CONSUMER FINANCES

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


1967 SURVEY OF CONSUMER FINANCES

# I967 SURVEY OF CONSUMER FINANCES 

BY GEORGEKATONA<br>JAMES N. MORGAN<br>JAY SCHMIEDESKAMP<br>JOHN A. SONQUIST

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

Copyright © © The University of Michigan 1968 All Rights Reserved

Library of Congress Catalog Card No. 50-39941

Printed by Braun-Brumfield, Inc. Ann Arbor, Michigan

Manufactured in the United States of America

## PREFACE


#### Abstract

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.

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

| Chapter |  |
| :---: | :---: |
| 1, | Income - John A. Sonquist |
| 2, | Debt - Frank P. Stafford, Judith H. Hybels |
| 3 , | Housing - Nancy Baerwaldt |
| 4 \& 5, | Automobiles and Other Durables William C. Dunkelberg |
| 6, | Financial Assets - Frank F. Stafford, Orman Paananen |
| 7, | Attitudes Toward Debt - James N. Morgan, 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 <br> Katona, Jay W. Schmiedeskamp, <br> Barbara Dunkelberg, William H. <br> Peters |
| 14 \& 15, | Methods and Demographic Trends - rewritten by John A. Sonquist and Jay W. Schmiedeskamp from earlier volumes. |

## CONTENTS

PART ONE - FINANCIAL DATA ..... 1
Chapter 1 - The Distribution of Family Income in 1966 ..... 3
Highlights
Highlights of the Tables
Chapter 2 - Installment Debt ..... 15
Trends in Installment Debt Incidence of Debt Months Left to Pay Incurrence of Installment Debt in 1966 Experience With and Use of Credit Highlights of the Tables
Chapter 3 - Housing ..... 43
HighlightsDemographic CharacteristicsHighlights of the Tables
Appendix to Chapter 3 ..... 59
Some Additional Remarks About Home Ownership
Chapter 4 - Automobile Purchases and Ownership ..... 63
Highlights of the Tables
Chapter 5 - Household Durables and Vacations ..... 91
HighlightsHighlights of the Tables
Chapter 6 - Financial Assets and Life Insurance ..... 119
Highlights
Highlights of the Tables
PART TWO - ATTITUDES AND EXPECTATIONS ..... 133
Chapter 7 - Attitudes Toward Debt ..... 135
Reasons for Approval or Disapproval of Buying on Credit Information on the Cost of Credit Ability to Make Repayments and Perceived Commitment to Debt
Chapter 8 - Income Trends and Their Influence on Consumer Behavior ..... 157
The Distribution of Income Trends
The Frequency of Favorable Income Trends
The Origin of Expectations
The Influence of Income Trends on
Purchasing Behavior
Financial Trends and Automobile Turnover
Chapter 9 - Expressed Intentions to Buy and Their Relation to Past Purchases ..... 175
The Structure of Expressed Intentions to BuyRelation of Intentions to Buy to Past PurchasesPlanned Expenditures and Long-Term CarBuying Intentions
PART THREE - THE OUTLOOK FOR CONSUMER DEMAND ..... 193
Introduction ..... 195
Chapter 10 - The Outlook for Consumer Demand, February 1967 ..... 199
HighlightsIndex of Consumer SentimentIncome Trends and Income ExpectationsAttitudes toward Personal Financial Situation
and Inflation
Opinions about Business Prospects
Opinions about Market Conditions and Intentions to Buy
Chapter 11 - The Outlook for Consumer Demand, May-June 1967 ..... 207
Highlights
Index of Consumer SentimentGood or Bad Time to Buy Durable Goods?Personal Financial ProspectsOpinions about Business ProspectsOpinions about Interest Rates
Chapter 12 - The Outlook for Consumer Demand, August 1967 ..... 219
Highlights
Personal Financial Prospects
Opinions About Business Prospects
Concern with Inflation
Concern with a Tax Increase
Chapter 13 - The Outlook for Consumer Demand, November 1967 ..... 229
HighlightsIndex of Consumer Sentiment
Attitudes Toward Inflation
Change in the Personal Financial Situation
Opinions About Business ProspectsProspects for Housing, Automobiles, andHousehold Durables
PART THREE OUTLOOK TABLES ..... 243
PART FOUR - METHODOLOGY ..... 273
Chapter 14 - Survey Methods
Sampling and Interviewing
The Content of the SurveysIndex of Consumer SentimentSurvey Errors
Chapter 15 - Demographic Trends ..... 289
Chapter 16 - Questionnaire ..... 301
Chapter 17 - Bibliography ..... 337
TABLES, CHARTS, AND FIGURES
PART ONE - FINANCIAL DATA
CHAPTER 1
List is provided on page ..... 4
CHAPTER 2
List is provided on page ..... 18
CHAPTER 3
List is provided on page ..... 45
CHAPTER 4
List is provided on page ..... 65
CHAPTER 5
List is provided on page ..... 93
CHAPTER 6
List is provided on page ..... 120
PART TWO - ATTITUDES AND EXPECTATIONS
CHAPTER 7
Table 7-1 Attitudes Toward Installment Buying ..... 141
Table 7-2 Attitudes Toward Installment Buying Within Income and Size of Installment Debt Groups ..... 141
Table 7-3 Attitudes Toward Installment Buying - Within Income, Total Debt, Age, and Education Groups ..... 142
Table 7-4 Major Reasons for Using Installment Debt - Within Income, Age, and Total Installment Debt Groups - 1967 ..... 143
Table 7-5 Opinions About Appropriateness of Borrowing for Various Purposes ..... 144
Table 7-6 Description of a Person Who Buys on the Installment Plan Although He Has Sufficient Cash ..... 145
Table 7-7 First Mentioned Reason Attributed to a Person Who Buys on the Installment Plan Although He Has Sufficient Cash - Within Income Groups ..... 146
Table 7-8 First Mentioned Reason Attributed to a Person Who Buys on the Installment Plan Although He Has Sufficient Cash - Within Age Groups - 1967 ..... 147
Table 7-9 First Mentioned Reason Attributed to a Person Who Buys on the Installment Plan Although He Has Sufficient Cash - Within Installment Debt Groups - 1967 ..... 148
Table 7-10 Estimates of Interest Rate on a Car Loan - Within Education Groups ..... 149
Table 7-11 Estimates of Interest Rate on a Car Loan - Within Age and Car Debt Groups ..... 150
Table 7-12 Information on Recent Change in Interest Rate Charged on Installment Buying - 1967 ..... 151-152
Table 7-13 Perception of Cost Differences Among Borrowing Sources and Least Expensive Borrowing Source - Within Debt Groups - 1967 ..... 153
Table 7-14 Perception of Cost Differences Among Borrowing Sources and Least Expensive Borrowing Source - Within Income Groups - 1967 ..... 154
Table 7-15 Frequency of Accelerated or Delayed Payments on Installment Debt ..... 155
Table 7-16 Opinion About Ability to Make Larger Payments ..... 156
CHAPTER 8
Chart 8-1 Proportion of Age and Income Groups With Continuous Upward Income Trend ..... 165
Chart 8-2 Proportion of Age and Income Groups With Continuous Better Off Trend ..... 166
Table 8-1 Frequency of Favorable Income Trends ..... 167
Table 8-2 Factors Contributing to Optimistic Income Expectations ..... 168
Table 8-3 Relation of Different Kinds of Discretionary Behavior to Income Trend, Income, and Age ..... 169
Table 8-4 Adjusted and Unadjusted Frequencies for Five Kinds of Discretionary Behavior and Five Income Trends ..... 170-171
Table 8-5 Relation of Financial Trends to Car Turnover ..... 172
Table 8-6 Adjusted and Unadjusted Frequencies for Short Car Turnover Rates ..... 173
CHAPTER 9
Table 9-1 Purchases and Intentions ..... 182
Table 9-2 Combinations of Purchase Intentions ..... 183
Table 9-3 Intentions to Purchase in Different Population Groups ..... 184
Table 9-4 Relation of Intentions to Buy to Attitudes ..... 185
Table 9-5 Relation of Intentions to Buy to Purchases During Previous Year ..... 186
Table 9-6 Relation of Intentions to Buy Specific Goods to Purchases During Past Year ..... 187
Table 9-7 Relation of Installment Debt to Intentions to Buy Durable Goods ..... 188
Table 9-8 Relation of Installment Debt to Intentions to Buy Cars and Household Durables ..... 189
Table 9-9 Planned Expenditure on Intended Purchases ..... 190
Table 9-10 Long-Term Car Buying Intentions ..... 191
Table 9-11 Car Buying Intentions-Within Car Ownership and Income Groups, Early 1967 ..... 192
PART THREE - THE OUTLOOK FOR CONSUMER DEMAND
CHAPTER 11
Table 11-1 Expectations About Automobile Prices ..... 211
Table 11-2 Concern With Automobile Safety ..... 212
Table 11-3 Changes in Credit Availability and Interest Rates ..... 217
CHAPTER ..... 13
Table 1.3-1 Attitudes Related to the Extent of Expected Price Increases ..... 233
Table 13-2 Evaluations of Business Conditions ..... 237
Table 13-3 Opinions About the Added Cost of New Cars ..... 240
Table 13-4 Whether Safety Devices Are Worth the Extra Money ..... 241
PART THREE OUTLOOK TABLES
Chart III-1 Change in the Index of Consumer Sentiment in Three Periods ..... 245
Chart III-2 Change in the Index of Consumer Sentiment in 1966 and 1967 ..... 246
Table III-1 Index of Consumer Sentiment ..... 247-248
Table III-2 Change in Family Income over One Year ..... 249
Table III-3 Relation of Past to Expected Income Change ..... 250
Table III-4 Consumers' Evaluation of Their Financial Situation as Compared with a Year Earlier ..... 251
Table II-5 Change Consumers Expect in Their Financial Situation ..... 252
Table III-6 Price Expectations for Next Year ..... 253
Table III-7 Reactions to Prospective Price Developments ..... 254
Table MI-8 Extent of Increases in Prices Expected During the Next Twelve Months ..... 255
Table III-9 Expected Income Increases in Relation to Expected Price Increases ..... 256
Table III-10 Consumers' Response to Inflation ..... 257
Table III-11 Business Conditions Expected During Next Twelve Months ..... 258
Table III-12 Business Conditions Expected During the Next Five Years ..... 259
Table III-13 Current Business Conditions in Comparison to Those a Year Ago ..... 260
Table III-14 Expected Business Conditions a Year From Now as Compared with the Present ..... 261
Table III-15 News Heard of Recent Changes in Business Conditions ..... 262
Table III-16 Opinions Regarding Effects of the International Situation on Business Conditions ..... 263
Table $\mathrm{II}-17$ Opinions About Recurrence and Timing of a Recession ..... 264
Table III-18 Expected Changes in Unemployment ..... 265
Table III-19 Expected Course of Interest Rates ..... 266
Table III-20 Buying Conditions for Large Household Durables, Cars, and Houses ..... 267
Table III-21 Selected Reasons for Opinions About Market Conditions ..... 268
Table II-22 Intentions to Buy Cars During Next Twelve Months ..... 269
Table III-23 Intentions to Purchase ..... 270
Table III-24 Relation of Intentions to Buy to Opinions About Buying Conditions ..... 271
PART FOUR - METHODOLOGY
CHAPTER 14
Table 14-1 Index of Consumer Sentiment Within Various Population Groups ..... 282-283
Table 14-2 Approximate Sampling Errors of Survey Findings ..... 284
Table 14-3 Approximate Sampling Errors of Differences. ..... 285
Table 14-4 Number of Families in Specified Groups ..... 286
Table 14-5 Average Sampling Errors of the Major Attitudinal Variables, Based on 1,350 Cases ..... 287
Table 14-6 Standard Errors of the Index of Consumer Sentiment and Its Five Components ..... 287
CHAPTER 1
Table 15-1 Education and Occupation ..... 292
Table 15-2 Age, Race, and Life Cycle Stage of Family Head ..... 293
Table 15-3 Region, Location, and Size of Place ..... 294
Table 15-4 Education of Family Head by Race, Age, Occupation, Stage in Family Life Cycle, and Region - 1967 ..... 295-296
Table 15-5 Race, Age, and Number of People in Family Unit by Region - 1967 ..... 297
Table 15-6 Race, Education, Age, and Housing Status by Location - 1967 ..... 298-299

## PART ONE

## FINANCIAL DATA

## ,

## THE DISTRIBUTION OF FAMILY INCOME IN I966

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.

[^0]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.

* Less than 0.5 percent.
afamilies include (a) aingle 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.
${ }^{\mathrm{b}}$ Mean 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)

| Disposable income groups ${ }^{\text {a }}$ | Families |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 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 |

${ }^{\mathrm{a}}$ 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)

| Decile | Mean income |  |  |  | Share of total income |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 1965 |  | 1966 | $\underline{1960}$ | $\underline{1962}$ | 1964 | $\underline{1965}$ | 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)

| Education ${ }^{\text {PART A }}$ | $\begin{aligned} & \text { Mean income } \\ & \text { in } 1966 \end{aligned}$ | Total | Less than $\$ 3,000$ | $\begin{array}{r} \$ 3,000 \\ -4,999 \end{array}$ | $\begin{aligned} & \$ 5,000 \\ & -7,499 \end{aligned}$ | $\begin{array}{r} \$ 7,500 \\ -9,999 \end{array}$ | $\begin{aligned} & \$ 10,000 \\ & -14,999 \end{aligned}$ | $\$ 15,000$ <br> or more | Number <br> 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 | L8 | 17 | 5 | 692 | 6,540 |
| 12 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, advanced or professional degree | 15,010 | 100 | 5 | 6 | 16 | 15 | 26 | 32 | 146 | 11,580 |

[^1]
## TABLE 1-4 (Sheet 2 of 4)

MEAN AND MEDIAN FAMLLY income - WIthin various groups
(Percentage distribution of families)

| PART B <br> Occupation | Mean income in 1966 | Total | $\begin{aligned} & \text { Less than } \\ & \$ 3,000 \end{aligned}$ | $\begin{aligned} & \$ 3,000 \\ & -4,999 \end{aligned}$ | $\begin{aligned} & \$ 5,000 \\ & -7,499 \end{aligned}$ | $\begin{aligned} & \$ 7,500 \\ & -9,999 \end{aligned}$ | $\begin{aligned} & \$ 10,000 \\ & -14,999 \end{aligned}$ | $\begin{aligned} & \$ 15,000 \\ & \text { or more } \end{aligned}$ | Number <br> of cases | Median |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Professional, technical | \$12,310 | 100 | 3 | 5 | 17 | 20 | 32 | 23 | 375 | \$10,690 |
| Managera, officiala | 12,940 | 100 | 1 | 3 | 15 | 21 | 37 | 23 | 232 | 11,390 |
| Self-employed businessmen, artigans | 14,260 | 100 | 9 | 10 | 18 | 16 | 22 | 25 | 206 | 9,530 |
| Clerical, salea | 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 | $B$ | 17 | 28 | 25 | 20 | 2 | 577 | 7,290 |
| Laborers, service workers | 5,310 | 100 | 27 | 24 | 25 | 15 | 8 | 1 | 382 | 4,900 |
| Farmers | 7,060 | 100 | 21 | 19 | 27 | 14 | 13 | 6 | 139 | 5,760 |
| Miscellaneous 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 |

(Percentage distribution of families)

| Belt PART C | $\begin{aligned} & \text { Mean income } \\ & \text { in } 1966 \\ & \hline \end{aligned}$ | Total | Lesa than $\$ 3,000$ | $\begin{aligned} & \$ 3,000 \\ & -4,999 \\ & \hline \end{aligned}$ | $\begin{array}{r} \$ 5,000 \\ -7,499 \\ \hline \end{array}$ | $\begin{array}{r} \$ 7,500 \\ -9,999 \\ \hline \end{array}$ | $\begin{array}{r} \$ 10,000 \\ -14,999 \end{array}$ | $\$ 15,000$ <br> or more | Number of cases | Median |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Central cities of 12 largest SMSA's | \$7,910 | 100 | 25 | 14 | 24 | 20 | 18 | 9 | 477 | \$7,190 |
| Central citiea of other SHSA's | 7,320 | 100 | 21 | 19 | 17 | 19 | 18 | 6 | 621 | 6,540 |
| Suburban areas of 12 largeat SMSA's | 11,490 | 100 | 9 | 9 | 18 | 19 | 27 | 18 | 528 | 9,430 |
| Suburban areas of other SMSA' $\quad$ : | 9,760 | 100 | 12 | 10 | 20 | 21 | 25 | 12 | 612 | 8,460 |
| Adjacent areas of SMSA ${ }^{\text {d }}$ | 7,050 | 100 | 23 | 17 | 21 | 18 | 14 | 6 | 702 | 6,220 |
| Outlying areas of SMSA's | 6,100 | 100 | 31 | 19 | 22 | 12 | 12 | 4 | 786 | 5,060 |
| Race |  |  |  |  |  |  |  |  |  |  |
| White |  | 100 | 18 | 13 | 20 | 19 | 20 | 10 | 3,264 | 7,350 |
| Negro |  | 100 | 36 | 26 | 20 | 10 | 6 | 2 | 368 | 3,960 |
| PART E |  |  |  |  |  |  |  |  |  |  |
| Age of head. |  |  |  |  |  |  |  |  |  |  |
| Under age 25 | 5,600 | 100 | 17 | 28 | 32 | 14 | 9 | * | 248 |  |
| 25-34 | 7,940 | 100 | 8 | 13 | 29 | 24 | 22 | 4 | 663 | 7,490 |
| 35-44 | 10,030 | 100 | 7 | 10 | 19 | 23 | 27 | 14 | 712 | 8,980 |
| 45-54 | 10,060 | 100 | 10 | 11 | 20 | 20 | 24 | 15 | 727 | 8,570 |
| 55-64 | 9,210 | 100 | 20 | 12 | 19 | 17 | 21 | 11 | 601 | 7,320 |
| 65-74 | 5,360 | 100 | 41 | 23 | 16 | 11 | 4 | 5 | 473 | 3,710 |
| Age 75 or older | 3,090 | 100 | 63 | 24 | 4 | 4 | 4 | 1 | 302 | 2,330 |

${ }^{*}$ Less than 0.5 percent.
${ }^{\text {a }}$ Data excludes Oriental, Puerto Rican, Mexican, Cuban, and "other" categories due to small number of casea.
$b_{\text {A }}$ Standard Metropolitan Statistical Area is a county or group of contiguous counties (except in New gngland) which contain at least one city of 50,000 inhabitants or more in 1960. In addition to the county or countics containing auch a city or cities, contiguous countics are included if according to certain criteria they are easentially 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 baais.

MRAN AND MBDIAN FAMILY INCOME - WITHIN VARIOUS GROUPS
(Percentage distribution of families)

| PART F <br> Life cycle stage of family head | Mean income in 1966 | Total | Less than \$3,000 | $\begin{array}{r} \$ 3,000 \\ -4,999 \end{array}$ | $\begin{array}{r} \$ 5,000 \\ -7,499 \end{array}$ | $\begin{aligned} & \$ 7,500 \\ & -9,999 \end{aligned}$ | $\begin{aligned} & \$ 10,000 \\ & -14,999 \end{aligned}$ | $\begin{aligned} & \$ 15,000 \\ & \text { or more } \end{aligned}$ | Number of cases | Median |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Under age 45 |  |  |  |  |  |  |  |  |  |  |
| 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 |
| All families | 8,080 | 100 | 19 | 15 | 20 | 18 | 19 | 9 | 3,726 | 6,930 |
| Notes: The term no children means no children under age 18 living at home. Unemployed people and housewives age 55 or older are considered retired; unemployed people and housewives under age 55 are considered to be in the labor force. |  |  |  |  |  |  |  |  |  |  |

TABLE 1-5 (Sheet 1 of 2)

[^2]TABLE 1-5 (Sheet 2 of 2 )
SOURCES OF INCOME BY RACE - 1966
(Percentage distribution of dollars received by familea in each decile)

| Total family income deciles ${ }^{\text {B }}$ | Percentage share in total income for each decile | Source of income |  |  |  |  |  | Total <br> family <br> income |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Earned income ${ }^{\text {c }}$ |  |  |  | $\begin{aligned} & \text { Mixed }^{e} \\ & \text { labor- } \\ & \text { capital } \\ & \hline \end{aligned}$ | Transfer ${ }^{f}$ payments |  |
|  |  | Head | Wife | Other <br> family <br> membera | $\underline{\text { Capital }}{ }^{\text {d }}$ |  |  |  |
| Negro families |  |  |  |  |  |  |  |  |
| All | 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 tench | 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 | 70 | 14 | 9 | 2 | 1 | 4 | 100 |
| Eighth tenth | 3 |  |  | $\square$ |  | $\square$ |  | L |
| Ninth tenth | 4 | 63 | 25 | 6 | 3 | 2 | 1 | 100 |
| Highest tenth | 2 |  |  |  |  |  |  | - |

[^3]
## 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 196523 percent, and in 196731 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

[^4]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 incomeonly 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 <br> 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

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.

TABLE 2-1
TRENDS IN INSTALLMENT DEBT - 1965, 1966, 1967
(Percentege distribution of familles)

|  | 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 | 10 |
| Total | 100 | 100 | 100 |
| Median debt ${ }^{\text {a }}$ | \$780 | \$850 | \$880 |
| Ratio of annual installment debt payment to previous year's disposable income |  |  |  |
| None | 51 | 51 | 52 |
| 1 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 ${ }^{\text {b }}$ | 1 | 1 | 2 |
| Not ascertained | 3 | 2 | 1 |
| Total | 100 | 100 | 100 |
| Proportion of families with specific type of ingtallment debt |  |  |  |
| Automobile debt | 28 | 28 | 28 |
| Debt on other durables | 20 | 19 | 21 |
| Addicions and repairs debt | 5 | 6 | 6 |
| Other (primarily personal loans) | 23 | 23 | 20 |

[^5]
## TABLE 2-2

DISTRIBUTION OF INCOME AMONG THOSE WITH INSTALIMENT DEBT
AND THOSE WITHOUT INSTALIMENT DEBT
(Percentage distribution of families)

|  | All families |  |  | Have instal1ment debt |  |  | Have no installment debe |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Annual family income | $\begin{aligned} & \text { Ear1y } \\ & 1964 \\ & \hline \end{aligned}$ | $\begin{aligned} & \text { Early } \\ & 1965 \end{aligned}$ | $\begin{aligned} & \text { Early } \\ & 1966 \\ & \hline \end{aligned}$ | $\begin{aligned} & \text { Early } \\ & \underline{1965} \\ & \hline \end{aligned}$ | $\begin{aligned} & \text { Early } \\ & 1966 \\ & \hline \end{aligned}$ | $\begin{aligned} & \text { Early } \\ & 1967 \\ & \hline \end{aligned}$ | $\begin{aligned} & \text { Early } \\ & 1965 \\ & \hline \end{aligned}$ | $\begin{aligned} & \text { Early } \\ & 1966 \\ & \hline \end{aligned}$ | $\begin{aligned} & \text { Early } \\ & 1967 \\ & \hline \end{aligned}$ |
| 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 | 9 | 5 | 9 | 8 | 10 | 10 | 9 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Median income | \$6,430 \$6 | ,780 \$ | 925 | \$7,000 \$ | 560 \$ | 890 | \$5,250 \$ | , 520 \$ | ,660 |

TABLE 2-3 (Sheet 1 of 2)
AMOUNT OF INSTALLMENT DEBT OUTSTANDING
(Percentage distribution of families)

|  | Amount of installment debt |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Early 1967 |  |  |  |  |  |  | Early 1966 |  |
|  | $\begin{aligned} & \text { Number } \\ & \text { of families } \end{aligned}$ | Any debt | $\begin{aligned} & \$ 1- \\ & 199 \\ & \hline \end{aligned}$ | $\begin{array}{r} \$ 200 \\ -499 \\ \hline \end{array}$ | $\begin{aligned} & \$ 500 \\ & -999 \end{aligned}$ | $\begin{array}{r} \$ 1,000 \\ -1,999 \\ \hline \end{array}$ | $\begin{aligned} & \$ 2,000 \\ & \text { or more } \end{aligned}$ | Any debt | $\begin{aligned} & \$ 2,000 \\ & \text { or more } \end{aligned}$ |
| 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 |
| 25-34 | 653 | 69 | 13 | 9 | 13 | 18 | 16 | 74 | 15 |
| 35-44 | 706 | 64 | 9 | 11 | 14 | 16 | 14 | 66 | 14 |
| 45-54 | 724 | 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 |

1967 SUR VEY OF CONSUMER FINANCES

| Life cycle stage of family head | Amount of installment debt |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Early 1967 |  |  |  |  |  |  | Early 1966 |  |
|  | Number of families | Any debt | \$1- $199$ | $\begin{aligned} & \$ 200 \\ & -499 \end{aligned}$ | $\begin{aligned} & \$ 500 \\ & -999 \end{aligned}$ | $\begin{aligned} & \$ 1,000 \\ & -1,999 \\ & \hline \end{aligned}$ | $\begin{aligned} & \$ 2,000 \\ & \text { or more } \end{aligned}$ | Any debt | $\begin{aligned} & \$ 2,000 \\ & \text { or more } \end{aligned}$ |
| 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.
ratio of annual installment debt payment rate to previous year's disposable income
(Percentage distribution of families)

|  | Ratio of annual installment debt payment rate to previous year's disposable income |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Early 1967 |  |  |  |  |  |  | $\begin{aligned} & \text { Early } 1966 \\ & 20 \text { percent } \\ & \text { or more } \\ & \hline \end{aligned}$ |
|  | $\begin{aligned} & \text { No } \\ & \text { debt } \end{aligned}$ | Less than 5 percent | $5-9$ <br> percent | $\begin{gathered} 10-19 \\ \text { percent } \end{gathered}$ | $20-39$ <br> percent | 40 percent or more ${ }^{8}$ | Not ascertained |  |
| 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 | 1 | * | 3 |

*Less than 0.5 percent.
${ }^{\text {a }}$ Includes families of zero or negative disposable income.

TABLE 2-4 (Sheet 2 of 2)
RATIO OF ANNUAL INSTALLMENT DEBT PAYMENT RATE TO PREVIOUS YEAR'S DISPOSABLE INCOME
(Percentage distribution of families)

## Life cycle stage

of family head
Ratio of annual installment debt payment rate to previous year's disposable income

|  |  | Early 1967 |  | Early 1966 <br> No <br> debt <br> dess than <br> 5 | $5-9$ | percent | percent |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |

Under age 45
Unmarried, no children
Married, no children

Married, youngest child under age 6
Married, youngest child age 6 or older
_-. spercent percent percent percent 45 or older Unmarried, no children.
head in labor force
Unmarried, no children,

| 50 | 7 | 9 |
| ---: | ---: | ---: |
| 36 | 9 | 12 |
|  |  | 12 |

18
11
13

41
1
15
17 head retired
Married, no children, head in labor force
Married, no children, head retired
Married, has children

## Any age

Unmarried, has children

[^6]MONTHLY INSTALIMENT DEBT PAYMENTS
(Percentage distribution of families)

| All familieb, 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 | 6 | * | 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 | 1 | 1 |

*Less than 0.5 percent.

# (Percentage distribution of families) 

## Life cycle stage of family head

## Under age 45

Unmarried, no children
Merried, no children
Married, youngest child under age 6
Martied, youngest child age 6 or older

| Early 1967 |  |  |  |  |  | Early 1966 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| None \$1-24 | \$25-49 | \$50-74 | \$75-99 | \$100 or more | Not ascertained | \$100 or more |

Age 45 or older
Unmarried, no children, head in labor force
Unmarried, no children, head retired
Married, no children, head in labor force
Married, no children, head retired
Married, has children
Any age
Unmarried, has children
*Less than 0.5 percent.

TABLE 2-6
INSTALLMENT DEBT ON AUTOMOBILES, ADDITIONS AND REPAIRS, AND HOUSEHOLD DURABLES (Percentage of families in each group)

|  | Proporcion of families with specific type of debt |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{array}{r} \text { Early } \\ 1966 \\ \hline \end{array}$ | Early 1967 |  |  |  |
|  | Auto mobiles | $\begin{gathered} \text { Auto- } \\ \text { mobiles } \end{gathered}$ | $\begin{gathered} \text { Other } \\ \text { durable } \end{gathered}$ | Additions and repairs | Other |
| 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 |
| \$7,500-9,999 | 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, youngeat child under age 6 | 45 | 42 | 38 | 9 | 35 |
| Married, youngest child age 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 |

TABLE 2-7
RATIO OF ANNUAL INSTALLMENT DEBT PAYMENTS TO DISPOSABLE INCOME RELATED TO EXPECTED CHANGE IN FINANCIAL SITUATION
(Percentage distribution of families)

| Expected financial situation in a year | Ratio |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \text { No } \\ \text { debt } \end{gathered}$ | Have debt | Less than 5 percent | 5-9 percent | $10-14$ <br> percent | 15-19 percent | $\begin{gathered} 20-39 \\ \text { percent } \end{gathered}$ | 40 percent or more | Not ascertained |
| 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 aame?"

TABLE 2-8

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

| $\begin{aligned} & \text { Months } \mathrm{l}_{\mathrm{f}} \mathrm{ft} \\ & \text { to pay } \\ & \hline \end{aligned}$ | Ratio of annual installment debt payment to disposable income |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Al1 ${ }^{\text {c }}$ | $\begin{gathered} 1-4 \\ \text { percent } \end{gathered}$ | 5—9 <br> percent | $10-14$ <br> percent | $\begin{gathered} 15-19 \\ \text { percent } \end{gathered}$ | $20-39$ <br> 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 monthe | 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 casea | 1,641 | 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 |

[^7]TABLE 2-9
RELATION OF TIME LEFT TO PAY TO TOTAL INSTALLMENT DEBT OUTSTANDING AND INCOME GROUPS

|  | ```Months left to pay (Percentage distribution of families with debt)``` |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & \text { No } \\ & \text { pay- } \\ & \text { ments } \end{aligned}$ | $\underline{1-5}$ | 6-11 | $\begin{aligned} & 12 \\ & -17 \end{aligned}$ | $\begin{aligned} & 18 \\ & -23 \\ & \hline \end{aligned}$ | $\begin{aligned} & 24 \\ & -29 \\ & \hline \end{aligned}$ | $\begin{aligned} & 30 \\ & -35 \\ & \hline \end{aligned}$ | $\begin{gathered} 36 \\ \text { or more } \\ \hline \end{gathered}$ | Propo with more $\qquad$ | artion <br> 24 or <br> months <br> ply |
| Total installment debt outstanding |  |  |  |  |  |  |  |  | 1967 | $\underline{1966}$ |
| 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 | 1 | 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 | 7 | 49 |  |
| \$3,000-4,999 |  | * | * | 12 | 29 | 32 | 15 | 12 | 59 |  |
| \$5,000 or more |  | * | * | * | 11 | 34 | 18 | 37 | 89 |  |
| Annual family income |  | (Per | centag | dis | tribu | tion | of al | 1 familie |  |  |
| All familiea | 52 | 8 | 12 | 11 | 7 | 5 | 2 | 3 | 10 | 9 |
| Lese than $\$ 1,000$ | 85 | 7 | 3 | 2 | 2 | 1 | * | * | 1 | * |
| \$1,000-1,999 | 80 | 8 | 5 | 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 |

[^8]TABLE 2-10
RELATION OF TIME LEFT TO PAY TO AGE AND LIFE CYCLE
(Fercentage distribution of all families)

| Age of family head | Months left to pay |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | No pay" ments | 1-5 | 6-11 | $\begin{gathered} 12 \\ -17 \\ \hline \end{gathered}$ | $\begin{aligned} & 18 \\ & -23 \\ & \hline \end{aligned}$ | $\begin{aligned} & 24 \\ & -29 \\ & \hline \end{aligned}$ | $\begin{aligned} & 30 \\ & -35 \\ & \hline \end{aligned}$ | $\begin{gathered} 36 \\ \text { or more } \\ \hline \end{gathered}$ | Proportion with 24 or more months to pay |  |
|  |  |  |  |  |  |  |  |  | $\underline{1967}$ | $\underline{1966}$ |
| 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 | * | 1 | 2 |  |
| Life cycle atage of Eamily head |  |  |  |  |  |  |  |  |  |  |
| Under age 45 |  |  |  |  |  |  |  |  |  |  |
| Unmarried, no children | So | 11 | 16 | 11 | 5 | 5 | * | 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 | 15 | 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 | 1 | 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 |
| Married, no children, head reticed | 85 | 5 | 4 | * | 2 | 2 | * | 2 | 4 | 2 |
| Married, has children | 40 | 9 | 15 | 14 | 8 | 8 | 3 | 3 | 14 | 10 |
| Any age |  |  |  |  |  |  |  |  |  |  |
| Unmarried, has children | 42 | 15 | 16 | 12 | 6 | 4 | 3 | 2 | 9 | 9 |

[^9]TABLE 2-11
INSTALLMENT DEBT OWED EARLY IN 1967
(Percentage distribution of families)


[^10]TABLE 2-12
MEANS AND DISTRIBUTIONS OF INSTALLMENT DEBT OWED
(Percentage distribution of families)

|  | Debt incured prior to $1966^{\text {a }}$ |  | Debt incurred in $1966^{a}$ |  | Total installment debt, early $1967^{\text {a }}$ |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Perce with d | Mean ${ }^{\text {b }}$ | Percen with de | $\text { Mean }{ }^{\mathrm{b}}$ | Percent with debt | Mean ${ }^{\text {b }}$ |
| 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 | 20 | 730 | 31 | 780 | 38 | 990 |
| 9 grades to high school plus noncollege training | 31 | 800 | 42 | 1,070 | 53 | 1,290 |
| College - some to 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 | 36 | 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 |

${ }^{a}$ and had debt early in 1967.
bean for those families with debt, rounded to the nearest $\$ 10$.
Note: For 1965 data on debt incurrence, see Table 2-9 of 1966 Survey of Consumer Finances.

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

|  | Debt incurred in 1965 | Debt incurred $\text { in } 1966$ |
| :---: | :---: | :---: |
| Income compared to one year ago and one year hence |  |  |
| All families | 39 | 37 |
| Continuous gains ( + + | 51 | 51 |
| Large | b | 61 |
| Other | b | 49 |
| Intermittent gains ( + ) | 37 | 38 |
| Reversals (+-) | 46 | 47 |
| Stagnation ( $\quad$ ) | 24 | 22 |
| Declines (-x;--) | 31 | 27 |


| Continuous gaine (++) | 51 | 53 |
| :---: | :---: | :---: |
| Intermittent gains (+ ${ }^{\text {( }}$ ) | 46 | 41 |
| Reversals (+-) | 45 | 48 |
| Stagnation (m) | 26 | 26 |
| Declines ( $-\boldsymbol{\sim} ;-$ ) | 32 | 29 |

[^11]TABLE 2-14 (Sheet 1 of 2)
USE OF INSTALLMENT CREDIT
(Percentage diatribution of familiea)

|  | Use of installment 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 | 1.1 | 1 |
| 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 | 㐫 |
| 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 | 2 |
| \$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)

| Life cycle stage of family head | All, or almost ail the time | Most of the time | Oniy for - period of time | Hardly ever | Never | Don't know, not ascertained |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Under age 45 |  |  |  |  |  |  |
| Unmarried, no children | * | 18 | 34 | 29 | 17 | 2 |
| Marcied, 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 |  |  |  |  |  |  |
| Unnarried, no children, head in labor force | 1 | 14 | 29 | 37 | 18 | 1 |
| Unmariied, 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 ingtallment payments on something other, all the time, most of the time, only for a period of time, or hardly ever?"

TABLE 2-15
OWNERSHIP OF REVOLVING ACCOUNTS
(Percentage distribution of families)

|  | Revolving accounts |  |  |
| :---: | :---: | :---: | :---: |
|  | ```Has revolving account(s)``` | Does not have revolving account( 8 ) | Don'l 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 | 25 | 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 |

[^12]TABLE 2-16

USE OF GASOLINE CREDIT CARDS
(Percentage distribution of families)

|  | Number of gasoline 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 | i | * | * | * |
| \$3,000-4,999 | 85 | 10 | 3 | 1 | 1 | * |
| \$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 quebtions asked were "Do you and your family have any gasoline credit cards? How many of them do you use?"

TABLE 2－17
USE OF CHARGE ACCOUNTS
（Percentage distribution of all families）

|  | Number of charge accounts used |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | None | One | Two | Three | Four | Five or more | Don＇t know， not ascertained |
| All Eaniliea | 54 | 15 | 12 | 7 | 4 | 7 | 1 |
| ＂万匕゙ U Lalutiy Heau |  |  |  |  |  |  |  |
| 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 | 3 | 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 |
| Ingtallment 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 accounta or credit carda？How many of them do you use？＂

## 5

## 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 quintle 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 $\$ 15,000$ or 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
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.

TABLE 3-4
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.

TABLE 3-9

## 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

EXP ENDITURES 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.

TABLE 3-1
HOME OWNERSHIP, MORTGAGE DEBT, AND HOUSING TRANSACTIONS

|  | 1960 | 1964 | 1965 | 1966 | 1967 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Housing status |  |  |  |  |  |
| Percent of nonfarm families who own | 58 | 63 | 63 | 62 | 63 |
| Median house value ${ }^{\text {b }}$ | \$11,100 | \$13,300 | \$14,600 | \$15,320 | \$14, 280 |
| Percent of nonfarm families who rent | 37 | 31 | 31 | 30 | 35 |
| Median monthly rent ${ }^{\text {b }}$ | \$59 | \$66 | \$65 | \$70 | \$72 |
| Mortgage debt outstanding |  |  |  |  |  |
| Percent of nonfarm homeowners with mortgage | 60 | 57 | 58 | 58 | 53 |
| Median mortgage debt $b$ for mortgaged homes | \$6,400 | \$7,100 | \$7,970 | \$8,950 | \$8,440 |
|  | Transaction year |  |  |  |  |
| Housing transactions | 1959 | 1963 | 1964 | 1965 | 1966 |
| Percent of nonfarm Eamilies 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 ${ }^{\text {b }}$ | \$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 ${ }^{\text {b }}$ for those incurring mortgage debt | \$10,690 | \$10,380 | \$11,250 | \$13,330 | \$13,020 |
| Additions and repairs tranastions |  |  |  |  |  |
| Percent of nonfarm families making additions and repairs | 40 | 39 | 37 | 42 | 41 |
| Mean amount spent | \$540 | \$550 | \$550 | \$620 | \$550 |

[^13]TABLE 3-2
Value of houses owned and mortgage debt - 1960-1967
(Percentage diatribution of owner-occupied nonfarm houses)

|  | House ${ }^{\text {a }}$ |  |  |  | Mortigage debt ${ }^{\text {b }}$ |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Value or amount | 1960 | 1962 | 1966 | 1967 | 1960 | 1962 | 1966 | 1967 |
| zero | 0 | 0 | 0 | 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 | 12 | 11 | 9 |
| \$12,500-14,999 | 11 | 11 | 9 | 10 | 3 | 4 | 5 | 4 |
| \$15,000-19,999 | 20 | 20 | 21 | 22 |  |  |  |  |
| \$20,000 or more | 15 | 19 | 30 | 26 | 3 | 6 | $\underline{10}$ | 8 |
| Total | 100 | 100 | 100 | 100 | 100 | 200 | 200 | 100 |
| Mean (in thousands of dollars) | \$13.4 | \$14.5 | \$ $16.4{ }^{\text {c }}$ | \$15.9 | $\$ 6.8{ }^{\text {d }}$ | \$7.9 ${ }^{\text {d }}$ | \$8.9 ${ }^{\text {d }}$ | \$8.7 ${ }^{\text {d }}$ |

${ }^{a}{ }_{\text {As }}$ 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.
$d_{\text {For mortgaged houses only. }}$

TABLE 3-3
house purchases
(Percentage distribution within income, age, and life cycle groups of nonfarm families who purchased)

|  | House purchases, 1966 |  |  |
| :---: | :---: | :---: | :---: |
|  | New or used | New house | Used house |
| All nonfarm familiea | 4 | 1 | 3 |
| Annual family income |  |  |  |
| Less than \$3,000 | 2 | * | 2 |
| \$3,000-4,999 | 3 | 1 | 2 |
| \$5,000-7,499 | 5 | 1 | 4 |
| \$7,500-9,999 | 5 | 1 | 4 |
| \$10,000-14,999 | 5 | 1 | 4 |
| \$ 15,000 or more | 6 | I | 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 | 3 | 1 | 2 |
| Married, has children | 3 | 1 | 2 |
| Any age |  |  |  |
| Unmarried, has children | 1 | * | 1 |

[^14]TABLE 3-4
MORTGAGE DEBT OUTSTANDING - 1960, 1966, 1967
(Percentage distribution within income and age groups of nonfarm homeowning families)

|  | Percent of nonfarm homeowning families |  |  | with mortgage debt ${ }^{\text {P }}$ |  |  | Mean mortgage debt (for those with debt) |  |  | Percentage share of aggregate debt |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1960 | 1966 | 1967 | 1960 | 1966 | 1967 | 1960 | 1966 | 1967 | 1960 | 1966 | 1967 |
| Previous year's income before taxes |  |  |  |  |  |  |  |  |  |  |  |  |
| 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 | 68 | 68 | 66 | 11,550 | 12,580 | 12,260 | 12 | 21 | 21 |
| All nonfarm homeowning 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 | 16 | 18 | 24 | 17 | 11 | 13 | 3,790 | a | 4,430 | 3 | 2 | 3 |
| All nonfarm homeowning families | 100 | 100 | 100 | 60 | 58 | 53 | 6,810 | 9,180 | 8,720 | 100 | 100 | 100 |

${ }^{\text {a }}$ Too few cases to estimate mean.
$b_{\text {Mortgage debt as of the time of interview. }}$
value of houses owned and mortgage debt - early 1967
(Percentage distribution within income groups of nonfarm homeowing families)

|  | All nonfarm homeowning families | Family income, 1966 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Less than \$3,000 | $\begin{array}{r} \$ 3,000 \\ -4,999 \end{array}$ | $\begin{aligned} & \$ 5,000 \\ & -7,499 \end{aligned}$ | $\begin{array}{r} \$ 7,500 \\ -9,999 \end{array}$ | $\begin{aligned} & \$ 10,000 \\ & -14,999 \end{aligned}$ | $\$ 15,000$ <br> or wore |
| Value of house ${ }^{\text {a }}$ |  |  |  |  |  |  |  |
| Lese 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 | 21 | 56 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Median (in thousands <br> of dollars) $\$ 14.3$ $\$ 8.5$ $\$ 11.2$ $\$ 11.8$ $\$ 14.3$ |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Amount of mortgage debt ${ }^{\text {a }}$ |  |  |  |  |  |  |  |
| 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 | 8 | 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 | * | 1 | 5 | 6 | 15 | 22 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| ```Median (in thousands of dollars``` | \$8.4 | \$3.7 | \$4.3 | \$7.6 | \$8.6 | \$9.5 | \$11.9 |

[^15]Note: For early 1966 data, see Table 3-7 in the 1966 Survey of Consumer Finances.

TABLE 3-6
monthly mortgage and rent payments - early 1967
(Percentage discribution within income groups of nonfarm homeowning families and rent-paying families)

|  | Pamily income, 1966 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Nonfarm homeowning families |  |  |  |  |  |  |
|  | Al1 | Less than \$3,000 | $\begin{aligned} & \$ 3,000 \\ & -4.999 \end{aligned}$ | $\begin{aligned} & \$ 5,000 \\ & -7.499 \end{aligned}$ | $\begin{aligned} & \$ 7,500 \\ & -9,999 \end{aligned}$ | $\begin{aligned} & \$ 10,000 \\ & -14,999 \end{aligned}$ | $\begin{aligned} & \$ 15,000 \\ & \text { or more } \end{aligned}$ |
| Monthly mortgage payment |  |  |  |  |  |  |  |
| Do not have |  |  |  |  |  |  |  |
| Have mortgage debt | 53 | 15 | 33 | 51 | 67 | 71 | 67 |
| \$1-24 | 1 | 2 | 1 | , | * | * | * |
| \$25-49 | 4 | 3 | 8 | 7 | 5 | 1 | 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 paymenta ${ }^{\text {a }}$ | \$90 | \$60 | \$70 | \$80 | \$90 | \$110 | \$130 |
| Monthly rent payment ${ }^{\text {b }}$ |  | Non | farm re | at-payin | ng famil | 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 | * | 1 | 3 | 4 | 15 | 32 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Median rent | \$72 | \$50 | \$70 | \$80 | \$80 | \$100 | \$140 |

*Less than 0.5 percent.

$b_{\text {Rents }}$ are tabulated for all nonfarm renters, excluding those who rent part of another facally unit's dwelling (roomers, etc.).

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

NET EQUITY ${ }^{\text {d }}$ IN HOMES
(Percentage distribution within income and age groupe of noafara homeowning families)

| Net equity in home | All nonfarm <br> homeowning families | Age of family head |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 18-34 | 35-44 | 45-54 |  | 55-64 | $\text { Age } 65$ <br> or older |
| Lese 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 | 8 | 2 | 7 |  | 10 | 11 | 9 |
| Total | 100 | 100 | 100 |  | 100 | 100 | 100 |
| Median equity <br> (in thousand of dollars) | \$9.6 | \$4.8 | \$8.5 |  | 0.6 | \$11.9 | \$11.8 |
| Ner equity in home |  | Family income, 1966 |  |  |  |  |  |
|  | All nonfarm | Leas than | \$3,000 | \$5,000 | \$7,500 | \$10,000 | \$15,000 |
|  | homeowning families | \$3,000 | -4,999 | -7,499 | -9,999 | -14,999 | or more |
| Less than \$500 | 2 | 1 | 3 | 2 | 2 | 1 | 1 |
| \$500-999 | 1 | 3 | 1 | 2 | 1 | 2 | 1 |
| \$1,000-4,999 | 21 | 22 | 21 | 24 | 28 | 19 | 5 |
| \$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 | 8 | 29 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Median equity <br> (in thousands of dollars) | \$9.6 | \$8.2 | \$10.3 | \$8.6 | \$8.0 | \$10.2 | \$17.5 |

[^16]Note: for early 1966 dara, aee Table 3-8 in the 1966 Survey of Consumer Finances.

TABLE 3-8
$n \quad$ HOUSING STATUS - 1967
(Percentage distribution of various groups of nonfarm families)

|  | Total | Houking status, $1967{ }^{\text {a }}$ |  |  | Percent of gample (weighed) |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Own | Rent | Other ${ }^{\text {b }}$ |  |
| Ali Eamilies | 100 | 61 | 33 | 6 | 100 |
| Age of family heac |  |  |  |  |  |
| 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 |
| S5-64 | 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 |
| Marcied, 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 $2 n$ labor force | 100 | 52 | 39 | 9 | $6{ }^{\circ}$ |
| 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 childzen | 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 |

[^17]CHANGES IN HOUSING STATUS SINCE 1960
(Percentage distribution of various groups of nonfarm families)

${ }^{\text {a }}$ Excluded families that rent part of another family's dwelling.
${ }^{b}$ Includes families that rent part of another family's dwelling or receive housing as part of compensation.

## TABLE 3-10

EXPENDITURES FOR ADDITIONS AND REPAIRS ON HOUSES

| Family income, 1966 | Percent of nonfarm owner families making expenditures on houses |  | Mean expenditure on owned houses ${ }^{\text {a }}$ |  | Share of aggregate expenditure on owned houses |  | Percent of nonfarm renter Eamilíes making expenditures |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1965 | $\underline{1966}$ | 1965 | 1966 | 1965 | $\underline{1966}$ | 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 | 59 | 420 | 410 | 3 | 4 | 8 | 4 |
| \$5,000-5,999 | 47 | 58 | 360 | 500 | 3 | 5 |  |  |
| \$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 | 21 |  |  |
| A11 familiee | 56 | 57 | \$650 | \$600 | 100 | 100 | 13 | 14 |

${ }^{\text {a }}$ Calculated only for those who made additions and repairs.

## APPENDIX TO CHAPTER 3

## 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 $\qquad$ |
| :---: | :---: | :---: |
| Younger families ${ }^{\text {a }}$ |  |  |
| 1 or 2 people | 14 | 2.8 |
| 3 or more people | 49 | 8.0 |
| Older families ${ }^{\text {a }}$ |  |  |
| Within central city of one of 12 largest metropolitan areas in country | 35 | 5.5 |
| Do not live in such an area | 74 | 4.0 |

[^18][^19]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.

## FIGURE 3-1

HOME OWNERSHIP IN EARLY 1967
(A11 families excluding trailer owners)


Notes. Numbert on the linea are percentages of all famliles.
Numerz in the boxes ste percentages of that group who own a hope.
Nuabore appearing below the boxes ore number of actual intervieus.

## AUTOMOBILE PURCHASES AND OWNERSHIP

NEW car sales to private consumers declined in 1966the 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 fac-tory-installed optional equipment ( $\mathrm{V}-8$ 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.

TABLE 4-5

## 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

## CREDI'T 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.

TABLE 4-10
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 FAMLLY 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.

TABLE 4-15
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.

TABLE 4-20

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.

TABLE 4-1
family car purchases

| Year of purchase | Cars <br> purchased as a proportion of families ${ }^{\text {a }}$ (in percent) |  | $\begin{aligned} & \text { Number of } \\ & \text { cars } \\ & \text { purchased } \\ & \text { (in willions) } \end{aligned}$ |  | Average expendituge per car |  | ```Estimated total expenditure ed (in billions)``` |  | Average ner outlay per car |  | ```Estimated total net outlaycd (in billions)``` |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | New | Used | New | Used | New | Used | New | Used | New | Used | New | Ured |
| 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 |

${ }_{b}^{a}$ Cars purchased during the year and desposed of before interviewing time early in the following year are not included.
bexcluding cars received as gifte or paid for (partly) by swapping non-autorabile itemg such as boats, trucks, or trailere.
Cars received as gifta or for payment in kind are included in aggregate eacimates at the mean for the sample.
Aggregate data for 1966 based on revised estimates of total number of families in the United States.

```
TABLE 4-2 (5heet 1 of 2)
```

PRICE PAID AND NET OUTLAY FOR NEW AND USED CAR PURCHASES
(Percentage distribution of purchases)

|  | Price |  |  |  |  | $\text { Net outlay }{ }^{a}$ |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Amount for new cars | 1962 | 1963 | 1964 | 1965 | 1968 | 1962 | 1963 | 1964 | 1965 | 1966 |
| Less than $\$ 1,000{ }^{\text {b }}$ | * | - | * | * | * | 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 | 11 | 18 | 16 | 19 | - 22 |
| \$3,500 or more | 20 | 29 | 29 | 35 | 31 |  |  |  |  |  |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Mean ${ }^{\text {c }}$ | \$2,990 | \$3,130 | \$3,140 | \$3,260 | \$3,250 | \$2,180 | \$2,310 | \$2,300 | \$2,320 | \$2,460 |

[^20]TABLE 4-2 (Sheet 2 of 2)

## PRICE PAID AND NET OUTLAY POR NEW AND USED CAR FURCHASES

(Percentage distribution of purchases)

|  | Price |  |  |  |  | $\text { Net outlay }{ }^{2}$ |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Amount for used cars | 1962 | 1963 | 1964 | 1965 | 1966 | 1962 | 1963 | 1964 | 1965 | 1966 |
| Leas than $\$ 500^{\text {b }}$ | 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 ${ }^{\text {c }}$ | \$840 | \$920 | \$920 | \$910 | \$880 | \$680 | \$720 | \$720 | \$730 | \$730 |

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

## TABLE 4-3

CASH OUTLAY AND AMOUNT BORROWED ON NEW AND USED CAR PURCHASES 1965, 1966
(Percentage distribution of purchases)

| Amount | Cash outlay |  |  |  | Amount borrowed |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | New cars |  | Used cars |  | New cars |  | Used cars |  |
|  | 1965 | 1966 | 1965 | $\underline{1966}$ | 1965 | 1966 | 1965 | $\underline{1966}$ |
| 2ero ${ }^{\text {a }}$ | 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 involving cash outlay) | \$1,490 | \$1,650 | \$430 | \$440 |  |  |  |  |
| Mean amount borrowed (for purchases involving borrowing) |  |  |  |  | \$1,990 | \$2,150 | \$960 | \$900 |

[^21]TABLE 4-4
age distribution of used cars purchased
(Percentage distribution)

| Age of car at tame of purchase | Year of purchase |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 |
| 1 year or less | 12 | 9 | 12 | 13 | 11 | 13 |
| 2-4 yeara | 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 |

${ }^{2}$ Babed on year model; one year or less for 1966 atands for 1965, 1966, or 1967 model year cars.

TABLE 4-5
METHOD OF FINANCING NEW AND USED CARS PURCHASED
(Percentage distribution of purchases)

|  | New car purchases |  |  |  | Used car purchases |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Financing method | 1963 | 1964 | $\underline{1965}$ | $\underline{1966}$ | $\underline{1963}$ | 1964 | $\underline{1965}$ | 2966 |
| 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 tradein, sale, or cash | 58 | 58 | 60 | 57 | 40 | 38 | 37 | 36 |
| Gift | 1 | * | 1 | 1 | 5 | 3 | 3 | 2 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

[^22]
## TABLE 4-6

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

|  | Car bought new |  | Car bought used |  |
| :---: | :---: | :---: | :---: | :---: |
|  | 1965 | 1966 | 1965 | 1966 |
| Percent of cars bought on credit | 62 | 61 | 45 | 45 |
| Disposable income of purchaser |  |  |  |  |
| Less than \$5,000 | $71{ }^{\text {b }}$ | $55^{\text {b }}$ | 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 | a | 25 |
| Total price of car |  |  |  |  |
| Less than \$500 | a | a | 22 | 25 |
| \$500-999 | $a$ | a | 49 | 55 |
| \$1,000-1,499 | a | a | 64 | 63 |
| \$1,500-1,999 | $61^{\text {b }}$ | $76^{\text {b }}$ | $82^{\text {b }}$ | $62^{\text {b }}$ |
| \$2,000-2,499 |  |  |  |  |
| \$2,500-2,999 | 68 | 56 | a | a |
| \$3,000-3,499 | 68 | 60 | $a$ | a |
| \$3,500-3,999 | 66 | 66 | a | a |
| \$4,000 or more | 50 | 55 | a | a |

[^23]TABLE 4-7
CREDTT USE AND CAR PURCHASING ACTIVITY
(Percentage distribution of families)

|  | 1965 | 1966 |
| :---: | :---: | :---: |
| Replaced car stock ${ }^{\text {a }}$ | 18 | 16 |
| Bought on credit | 10 | 9 |
| Other method of finance ${ }^{\text {b }}$ | 8 | 7 |
| Increased car stock ${ }^{\text {c }}$ | 9 | 10 |
| Bought on credit | 4 | 5 |
| Other method of finance ${ }^{\text {b }}$ | 5 | 5 |
| Purchased car, but tgtal 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 |

[^24]NUMBER OF YEARS TRADE-IN OWNED AND AGE OF CARS TRADED IN - 1965, 1966
(Percentage distribution of automobiles)

|  | Care bought new |  | Cars bought used |  |
| :---: | :---: | :---: | :---: | :---: |
|  | 1965 | 1966 | 1965 | 1966 |
| No trade-in | 20 | 29 | 58 | 64 |
| Trade-in | 80 | 71 | 42 | 36 |

Number of years trade-in owned

|  | 1 year or lesa ${ }^{\text {a }}$ | 25 | 18 | 27 | 32 |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2 years | 20 | 21 | 16 | 22 |
|  | 3 years | 16 | 21. | 18 | 10 |
| * | 4 years | 13 | 19 | 10 | 10 |
|  | 5 years | 10 | 7 | 12 | 5 |
|  | 6-7 yeara | 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 |  |  |  |  |
| 2 years | 16 | 17 | $*$ | 2 |
| 3 years | 17 | 14 | 1 | 4 |
| 4 years | 17 | 14 | 6 | 5 |
| 5 years | 13 | 14 | 8 | 6 |
| $6-7$ years | 15 | 10 | 8 | 10 |
| 8 or more years | 11 | 17 | 18 | 30 |
| Total | 11 | 14 | 59 | 43 |

[^25]```
TABLE 4-9
TRADE-IN ACTIVITY - 1965, 1966
(Percentage distribution of families)
```

|  | 1965 | 1966 |
| :---: | :---: | :---: |
| Did not purchase a car | 71 | 72 |
| Purchased a new car ${ }^{\text {a }}$ | 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 ${ }^{\text {a }}$ | 16 | 16 |
| Traded in a car bought new | 1 | 1 |
| Traded in a car bought used | 6 | 5 |
| No car traded in | 9 | 10 |
| Total | 100 | 100 |

[^26]TABLE 4-10
CONDITION OF TRADE-IN ${ }^{\text {a }}$ - 1965, 1966
(Percentage distribution of cars traded in)

|  | Condition of car traded $\mathrm{fn}^{\text {a }}$ |  |  |  |  |  | Total |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Good, like new |  | Fair, needed some work |  | Something seriously wrong |  |  |
|  | 1965 | 1966 | 1965 | $\underline{1966}$ | 1965 | $\underline{1966}$ |  |
| All cars traded in | 47 | 48 | 34 | 32 | 19 | 20 | 100 |
| Age of traded in car ${ }^{\text {b }}$ |  |  |  |  |  |  |  |
| 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 | 37 | 16 | 21 | 100 |
| 6 or more years | 28 | 32 | 43 | 38 | 30 | 30 | 100 |
| Number of years trade-in owned |  |  |  |  |  |  |  |
| 2 year or less ${ }^{\text {c }}$ | 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 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 than \$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 |

[^27]
## TABLE 4-11

NEW CAR PURCHASES - WITHIN FAMILY INCOME GROUPS
(Percentage distribution)

|  | Distribution of all <br> families in the U.S. |  |  |  | Shares of new car purchases |  |  |  | Ratio of new car purchases 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 | 50 | 27 | 27 | 31 | 28 | 22 | 21 | 21 |
| \$15,000 or more |  | 8 | 10 | 9 | - | 27 | 27 | 22 |  | 41 | 37 | 32 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 11 | 12 | 13 | 13 |

USED GAR PURCHASES - WITHIN FANILY INCOME GROUPS
(Percentage distribution)

|  | Distribution of all familes in the U.S. |  |  |  | Shares of used car purchases |  |  |  | Ratio of used car purchases to number of families |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Annual family income | 1963 | 1964 | 1965 | 1966 | 1963 | 1964 | 1965 | 1966 | 1963 | 1964 | $\underline{1965}$ | 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 | 19 | 15 | 17 | 19 | 19 | 17 | 22 | 22 | 20 | 21 | 25 | 22 |
| \$15,000 or more | 1 | 8 | 10 | 9 | 19 | 6 | 7 | 9 | 20 | 14 | 13 | 19 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 20 | 19 | 19 | 19 |

new car purchases - within pamily life cycle groups
(Percentage diatribution)

|  | Distribution of all <br> families in the U.S. |  |  |  | Shares of new car purchase: |  |  |  | Ratio of new car purchasen 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 | 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 | 12 | 14 | 12 | 14 | 15 | 18 | 16 |
| 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 | 1 |
| Married, no children, head in labor force | 16 | 17 | 14 | 16 | 19 | 25 | 18 | 21 | 13 | 18 | 18 | 17 |
| Married, no children, head retired | 8 | 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 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 11 | 12 | 13 | 13 | to be in the labor Gorce.

USED CAR PURCHASES - WITHIN FAMILY LIFE CYCLE GROUPS
(Percentage distribution)

| fe cycle stage | Distribution of all families in the U.S. |  |  |  | Shares of used car purchases |  |  |  | Ratio of used car purchasea to number of familiea |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| of family head | $\underline{1963}$ | 1964 | $\underline{ } 1965$ | 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 | 24 | 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 retired | 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 | 12 | 19 | 18 | 18 | 15 |
| Married, no children, head retired | 8 | 8 | 10 | 10 | 3 | 4 | 5 | 3 | 7 | 8 | 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 |

TABLE 4-15
NEW, USED, AND MULTIPLB CAR OWNERSHIP - 1955-1967
(Percentage distribution of families)

| Car omership | 1955 | $\underline{1957}$ | $\underline{1959}$ | 1961 | 1962 | 1963 | 1964 | 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 ${ }^{\text {a }}$ | 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 | 60.2 |

${ }^{\text {a }}$ Includes all families owning two or wore cars; at leagt one bought new and one bought used.

```
    TABLE 4-16 (Sheet l of 2)
    CAR OWNERSHIP - WITHIN VARIOUS GROUPS
    (Ownership as a percentage of familieg in specified groups)
```

| Annual family income | Own at least one car |  | Own one or more cars bought new |  | Own two or more cars |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\underline{1966}$ | 1967 | 1966 | $\underline{1967}$ | 1966 | $\underline{1967}$ |
| 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, youngear 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 chlidren, 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)

| Age of head | Own at ieast one car |  | Own one or more cars bought new |  | Own two or more cars |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\underline{1966}$ | 1967 | $\underline{1966}$ | 1967 | 1966 | 1967 |
| 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 |
| 55-64 | 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 }1```largest SMSA's |  |  |  |  |  |  |
| Central cities of other SMSA 's | 77 | 73 | 39 | 37 | 24 | 22 |
| Suburban areas of 12 largest SMSA's | 86 | 88 | 60 | 57 | 32 | 36 |
| Suburban areas of other 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 |

TABLE 4-17
NUMBER OF YEARS YAMLIIES HAVE OWNED TWO OR MORE CARS
(Percentage distribution of families owning two or more cars)

|  | Number of years families have owned two or more cars ${ }^{\text {a }}$ |  |  |  |  |  |  |  |  |  |  |  | Totals |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1 or less |  | 2-3 |  | 4-6 |  | 7-10 |  | Over <br> 10 years |  | Not ascertained or don't know. |  |  |
|  | 1966 | 1967 | 1966 | 1967 | 1966 | 1967 | 1966 | $\underline{1967}$ | 1966 | 1967 | -1966 | 1967 |  |
| 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 ${ }^{\text {b }}$ |  |  |  |  |  |  |  |  |  |  |  |  |  |
| One | 22 | 25 | 22 | 18 | 19 | 21 | 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 | 21 | 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 |

[^28]TABLE 4-18
TRUCK OWNERSHIP
(Percentage distribution of families)

|  | Number of trucks owned |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | 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'g | 90 | 9 | 1 | 100 |
| Suburban areas of other SMSA's | 85 | 13 | 2 | 100 |
| Adjacent areas of SMSA's | 76 | 20 | 4 | 100 |
| OUClying areas of SMSA's | 69 | 25 | 6 | 100 |
| All families | 83 | 14 | 3 | 100 |

*Legs than 0.5 percent.

## TABLE 4-19

NUMBER OF VEHICLES ${ }^{\text {a }}$ OWNED
(Percentage diatribution of families)

|  | Number of cars owned |  |  |  | Number of vehicles owned |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | None | One | Two or more | Total | None | One | Two or 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 |
| Wert | 16 | 55 | 29 | 100 | 14 | 38 | 48 | 100 |
| Belt |  |  |  |  |  |  |  |  |
| Central cities of 12 largest SMSA's | 47 | 44 | 9 | 100 | 46 | 44 | 10 | 100 |
| Central eities 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 |

[^29]TABLE 4-20
USE OF TRUCKS FOR PERSONAL TRANSPORTATION
(Percentage distributions of truck owners)

|  | Frequency of use of trucks for personal transportation ${ }^{\text {a }}$ |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Never | Rarely | Occasiona11y | Frequently | Total |
| Number of cars owned |  |  |  |  |  |
| None | 5 | 3 | 5 | 87 | 100 |
| One | 32 | 7 | 14 | 47 | 100 |
| 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 | 59 | 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'a | 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 |

[^30]
## 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 $\$ 5,000$ own 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<br>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 DUPABLES - 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 <br> 1966 INCOME GROUPS AND 1965-1966 <br> 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.

TABLE 5-13

## 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 <br> 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 $\$ 500$.

TABLE 5-17

## APPLIANCE OWNERSHIP, REPAIR EXP ERIENCE, 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

## EXP ENDITURE 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.

TABLE 5-1
PURCHASES OF HOUSEHOLD DURABLES ${ }^{\text {a }}$ - 1962-1966
(Percentage distribution of families)

|  | Purchases of household durables |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | 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 |

${ }^{8}$ Includes purchases of new and used household appliances. Durables other than cars refer to all items of movable furniture and all electrical and gas appliances not permanently built-in or attached to the dwelling structure. Personal effects, recreation items, non-household items (like lawn mowers), and non-appliance household ftems are not included.
${ }^{b}$ Before deduction of trade-in; includes amounts borrowed.

TABLE 5-2
AMOUNTS SPENT FOR HOUSEHOLD DURABLES - 1962-1966
(Percantage distribution of families)

| Amount spent ${ }^{\text {a }}$ | $\underline{1962}$ | 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 |

[^31]TABLE 5-3
PURCHASES OF HOUSEHOID DURABLES WITHIN INCOME, AGE, AND LIFE CYCLE GROUPS
(Percentage distribution of families)

|  | Proportion that purchased |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1962 | 1963 | 1964 | 1965 | 1966 |
| Annual family income |  |  |  |  |  |
| Leas 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 |
| Al1 familfes | 45 | 42 | 44 | 46 | 48 |

Notes: The term no children, which appears frequently in thia 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 5-4
amount spent on household durables - within income quintiles
(Percentage distribution of families)

|  | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ |  | Lowest quintile |  | Second quintile |  | Third quintile |  | Fourth quintile |  | Ninth decile |  | Highest decile |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 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 | B | 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 |  | 0 |  | 0 |  | 0 |  | 0 |  | 0 |  | 10 |  | 10 |
| Number of cases | 2,419 | 3,165 | 484 | 510 | 484 | 596 | 484 | 675 | 484 | 683 | 242 | 355 | 241 | 346 |

*Less than 0.5 percent.

PURCHASES OF HOUSEHOLD DURABLES - WITHIN 1966 INCOME GROUPS AND 1965-1966 INCOME CHANGE GROUPS (Percentage distribution of families)

|  | ${\underset{\text { cases }}{ }{ }^{\text {All }}}^{2}$ | 1966 family income less than $\$ 5,000$ and: |  |  | 1966 family income \$5,000-9,999 and: |  |  | 1966 family income $\$ 10,000$ or more and: |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Higher than in 1965 | $\begin{gathered} \hline \text { Same } \\ \text { as } \\ 1965 \end{gathered}$ | Lower than in 1965 | Higher <br> than in 1965 | $\begin{gathered} \text { Same } \\ \text { as } \\ 1965 \end{gathered}$ | Lower than in 1965 | Higher than in 1965 | $\begin{gathered} \text { Same } \\ \text { as } \\ 1965 \\ \hline \end{gathered}$ | Lower than in 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 | 4 | 15 | 10 | 10 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Median expenditures |  |  |  |  |  |  |  |  |  |  |
| Percent of sample | 100 | 10 | 18 | 6 | 21 | 10 | 7 | 17 | 7 | 3 |
| Number of cases ${ }^{\text {b }}$ | 3,165 | 296 | 448 | 183 | 725 | 311 | 233 | 625 | 218 | 101 |

[^32]TABLE 5-6
QUANTITY OF APPLIANCES ${ }^{\text {a }}$ PURCHASED - 1966
(Percentage distribution of families)

|  | Did not purchase | Families purchasing |  | Tota 1 |
| :---: | :---: | :---: | :---: | :---: |
|  |  | One item | Two or more items |  |
| 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 |

[^33]TABLE 5-7 (Sheet 1 of 2)
PURCHASES OF SPEGIFIC HOUSEHOLD DURABLES, PRICES PAID, AND USE OF CREDIT - 1963-1966
(Percentage distribution of purchases)

|  | Television |  |  |  | Refrigerator |  |  |  | Washing machine |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1963 | 1964 | 1965 | 1966 | 1963 | 1964 | 1965 | 1966 | 1963 | $\underline{1964}$ | 1965 | 1966 |
| Ratio of purchasea to families | 13 | 12 | 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 | \$210 | \$190 |
| Proportion of purchases involving: |  |  |  |  |  |  |  |  |  |  |  |  |
| Credit | 45 |  | 42 | 37 | 38 |  | 37 | 36 | 48 |  | 41 | 41 |
| Cash only | 55 | b | 58 | 63 | 62 | b | 63 | 64 | 52 | $b$ | 59 | 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 |

[^34]PURCHASES OF SPECIFIC HOUSEHOLD DURABLES, PRICES PAID, AND USE OF CREDIT - 1963-1966
(Percentage distribution of purchases)

${ }^{2}$ Exceeds the proportion of families making a purchase only by the number of families that bought two or more units of the iter in question.
${ }^{b}$ Not available.
${ }^{C}$ The reference here is not to specific purchases, but rather to all furniture bought during the year.
${ }^{d}$ Clothe dryers, dishwashers, air conditioners.

## TABLE 5-8

## PURCHASES OF HOUSEHOLD DURABLES - WITHIN INCOME GROUPS <br> (Percentage distribution of families)



[^35]TABLE 5-9
PURCHASES OF DURABLE GOODS - WITHIN LIFE CYCLE GROUPS
(Percentage diatribution of families)

|  | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ | Under rge 45 |  |  |  | Age 45 or older |  |  |  |  | $\frac{\text { Any age }}{\text { Unmarried }}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Unmarried |  | Married |  | Married |  |  | Unmarried |  |  |
|  |  | $\begin{gathered} \text { No } \\ \text { children } \end{gathered}$ | $\begin{gathered} \text { No } \\ \text { children } \end{gathered}$ | Youngest child under age 6 | Youngest child age 6 or older | $\begin{aligned} & \text { Has } \\ & \text { chtldren } \end{aligned}$ | No chil Head in labor force | $\begin{aligned} & \text { Head } \\ & \text { Hetiren } \end{aligned}$ | No chil Head in labor force | $\begin{aligned} & \text { Idren } \\ & \text { Head } \\ & \text { retired } \end{aligned}$ | $\begin{gathered} \text { Has } \\ \text { children } \end{gathered}$ |
| 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 ${ }^{\text {a }}$ |  |  |  |  |  |  |  |  |  |  |  |
| Less than \$ 100 | 5 | 9 | 7 | 6 | 4 | 4 | 3 | 3 | 5 | 5 | 8 |
| \$100-199 | 11 | 11 | 13 | 14 | 13 | 10 | 9 | 7 | 6 | 7 | 13 |
| \$200-299 | 8 | 4 | 8 | 11 | 13 | 13 | 6 | 5 | 5 | 2 | 13 |
| \$300-499 | 9 | 6 | 11 | 13 | 12 | 12 | 9 | 10 | 7 | 2 | 5 |
| \$500-749 | 8 | 4 | 9 | 11 | 12 | 10 |  | 6 | 4 | * | 6 |
| \$750-999 | 3 | 2 | 6 | 4 | 5 | 4 | 3 | 1 | 2 | 1 | 3 |
| \$1,000 or more | 4 | 2 | 10 | 8 | 5 | 4 | 4 | 2 | * | * | 2 |
| Total | 100 | 100 | 100 | $\overline{100}$ | 100 | $\overline{100}$ | $\overline{100}$ | $\overline{100}$ | $\overline{100}$ | $\overline{100}$ | $\overline{100}$ |
| Percent purchasing two or more appliances | 12 | 5 | 20 | 21 | 16 | 17 | 10 | 5 | 5 | 2 | 12 |
| Percent using credit ${ }^{\text {c }}$ | 43 | 56 | 52 | 56 | 44 | 44 | 26 | 21 | 25 | 24 | 61 |
| Median amount apent ${ }^{\text {c }}$ | \$310 | \$190 | \$370 | \$340 | \$320 | \$330 | \$370 | \$340 | \$270 | \$150 | \$230 |
| Percent making a major expenditure ga cara and durables | 56 | 46 | 73 | 74 | 74 | 70 | 56 | 42 | 33 | 13 | 56 |
| 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 |

[^36]PURCHASES OF HOUSEHOLD DURABLES - WITHIN AGE OF FAMLLY HRAD GROUPS
(Percentage diatribution of families)

|  |  | Age of Eamily head |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \text { All } \\ \text { familles } \end{gathered}$ | 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 Spent ${ }^{\text {a }}$ | 48 | 61 | 64 | 58 | 47 | 39 | 30 | 25 |
| Less than \$100 | 5 | 10 | 8 | 4 | 3 | 5 | 3 | 4 |
| \$100-199 | 11 | 12 | 13 | 13 | 9 | 7 | 8 | 10 |
| \$200-299 | 8 | 9 | 10 | 11 | 8 | 8 | 4 | 3 |
| \$300-499 | 9 | 10 | 11 | 11 | 10 | 9 | 6 | 6 |
| \$500-749 | 8 | 8 | 10 | 10 | 9 | 6 | 7 | * |
| \$750-999 | 3 | 4 | 5 | 5 | 4 | 2 | 1 | 1 |
| \$1,000 or more | 4 | 8 | 7 | 4 | 4 | 2 | 1 | 1 |
| Total | 100 | 100 | 100 | 100 | 200 | 100 | 100 | 100 |
| Percent purchasing two or more 1 tems | 12 | 22 | 18 | 14 | 12 | 9 | 5 | 2 |
| Percent using credit ${ }^{\text {c }}$ | 43 | 60 | 56 | 43 | 42 | 29 | 18 | 24 |
| Median amount spent ${ }^{\text {c }}$ | \$310 | \$300 | \$310 | \$320 | \$370 | \$290 | \$300 | \$190 |
| ```Percent making a major}\mp@subsup{}{}{\textrm{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 |

[^37]table 5-11
PURCHASES OF HOUSBHOLD DURABLES - WITHIN hOUSING STATUS AND dURATION OR HOUSE OCCUPANCY GROUPS
(Percentage diatribution of families)

|  |  | Housing status and duration of house occupancy |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Primary owners |  | Primary renters |  | $\begin{aligned} & \frac{\text { Primariet }}{\text { Neither }} \\ & \text { own } \\ & \text { nor rent } \end{aligned}$ |  |
|  | $\begin{gathered} \text { All } \\ \text { familfes } \end{gathered}$ | Bought $1964-67$ | Bought prior to 1964 | Moved in 1964-67 | $\begin{aligned} & \text { Moved in } \\ & \text { prior to } \\ & 1964 \end{aligned}$ |  | Unrelated secondaries |
| Did not purchase in 1966 | 52 | 34 | 54 | 47 | 67 | 47 | 76 |
| Purchased in 1966 Spent ${ }^{\text {a }}$ | 48 | 66 | 46 | 53 | 33 | 53 | 24 |
| Le6s than \$100 | 5 | 3 | 4 | 9 | 5 | 4 | 9 |
| $\$ 100-199$ | 11 | 11 | 9 | 12 | 9 | 19 | 9 |
| \$200-299 | 8 | 10 | 8 | 9 | 5 | 6 | 2 |
| \$300-499 | 9 | 15 | 10 | 7 | 6 | 9 | * |
| \$500-749 | 8 | 13 | 8 | 6 | 5 | 10 | 4 |
| \$750-999 | 3 | 4 | 4 | 4 | 2 | 4 | * |
| \$1,000 or more | 4 | 10 | 3 | 6 | 1 | 1 | - * |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Percent purchasing two or more items | 12 | 21 | 11 | 14 | 6 | 10 | 2 |
| Percent using credit ${ }^{\text {c }}$ | 43 | 45 | 33 | 58 | 50 | 45 | 55 |
| Median amount spent ${ }^{\text {c }}$ | \$310 | \$410 | \$330 | \$260 | \$250 | \$250 | \$140 |
| Percent making a major expenditure gn cars and durableg | 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 |

${ }^{*}$ less than 0.5 percent.
${ }^{\text {a }}$ Before deduction of trade in; includes amount borrowed.
${ }^{\text {Refers to specific appliances (see footnote to Table 5-6). }}$
dased only on Families making a purchase; includes purchases of all durablea.
A major expenditure is defined as a net outlay (price minus trade-in) of $\$ 100$ or more.

TABLE 5-12

| TABLE 5-12 <br> MAJOR EXPENDITURES ${ }^{\text {a }}$ ON CARS AND HOUSEHOLD DURABLES <br> (Percentage distribution of families) |  |  |
| :---: | :---: | :---: |
|  | Proportion making a major | expenditure ${ }^{\square}$ |
|  | 1965 | 1966 |
| All families | 56 | 56 |
| Annual family income |  |  |
| Less than \$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 | 39 | 45 |
| Life cycle stage of family head |  |  |
| Under age 45 |  |  |
| Unmarried, no children, | 40 | 46 |
| 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 |  |  |
| Unmarried, no children, head in labor force | 36 | 33 |
| Unmarried, no children, head retired | 21 | 13 |
| Married, no children, head in labor force | 54 | 56 |
| Married, no childxen, head retired | 47. | 42 |
| Married, has chfldren | 65 | 70 |
| Any age |  |  |
| Unmarried, has children | 45 | 56 |

[^38]TABLE 5-13
NET OUTLAY ON HOUSEHOLD DURABLES AND CARS (Percentage distribution of familles)

| Net outlay ${ }^{\text {a }}$ on cars and durable goods | A11 families |  | Income |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | $\begin{gathered} \text { Less than } \\ \$ 10,000 \\ \hline \end{gathered}$ |  | $\begin{aligned} & \$ 10,000 \\ & \text { or more } \end{aligned}$ |  |
|  | 1965 | $\underline{1966}$ | 1965 | $\underline{1966}$ | 1965 | $\underline{1966}$ |
| No net outlay | 40 | 40 | 45 | 46 | 25 | 25 |
| Net outlay on: |  |  |  |  |  |  |
| Cars only | 14 | 12 | 14 | 11 | 15 | 14 |
| Durable goode only | 31 | 32 | 29 | 30 | 34 | 36 |
| Cara and durable goods | 15 | 16 | 12 | 13 | 26 | 25 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |
| Percent of asmple | 100 | 100 | 73 | 73 | 27 | 27 |

[^39]TOTAL NET OUTLAY ON CARS, HOUSEHOLD DURABLES, AND ADDITYONG AND REPAIRS WITHIN LIFE CYCLE GROUPS
(Percentage distribution of familiea)


${ }^{*}$ Lesa than 0.5 percent.
table 5-15
total net outlays on cars, household durables, and additions and rbpairs WITHIN HOUSING STATUS AND DURATION OF HOUSE OCCUPANCY GROUPS
(Percentage distribution of familiea)

| Total net outlay on cars, durable goods, and additions and repairs | $\begin{gathered} \text { All } \\ \text { families } \\ \hline \end{gathered}$ | Housing status and duration of house occupancy |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Primary owners |  | Primary renters |  |  |
|  |  | Bought $1964-67$ | $\begin{gathered} \hline \text { Bought } \\ \text { prior to } \\ 1964 \\ \hline \end{gathered}$ | Moved in $1964-67$ | Moved in prior to 1964 | Others ${ }^{\text {a }}$ |
| 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 |

[^40]TABLE 5-16
USE OF CREDIT FOR PURCHASES OR HOUSEHOLD DURABLES
(Proportion of all purchasera uging credit
in the various income and net outlay groups)

| Annual family income | All <br> purchasers | Net outlay on durable goods |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  | \$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 |

${ }^{3}$ 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 APPLKANCES -
WITHIN INCOME GROUPS
(Percentage distribution of familles)

|  |  | Annual family income |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ | Less than $\$ 3,000$ | $\begin{array}{r} \$ 3,000 \\ -4,999 \end{array}$ | $\begin{aligned} & \$ 5,000 \\ & -7,499 \end{aligned}$ | $\begin{aligned} & \$ 7,500 \\ & -9,999 \end{aligned}$ | $\begin{aligned} & \$ 10,000 \\ & -14,999 \end{aligned}$ | $\begin{aligned} & \$ 15,000 \\ & \text { or more } \end{aligned}$ |
| Number of appliances ${ }^{\text {a }}$ owned |  |  |  |  |  |  |  |
| 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 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Number of appliances ${ }^{a}$ owned with less 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 |
| Two | 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 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

[^41]TABLE 5-17 (Sheet 2 of 2)
APPLLANCE OWNERSHIP, REPAIR EXPERIENCE, AND AVERAGE AGE OF APPLIANCES WITHIN INCOME GROLPS
(Percentage distribution of families)

| Average age ${ }^{\text {b }}$ of appliances ${ }^{\text {a }}$ | $\underset{\text { families }}{\text { All }}$ | Annual family income |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | $\begin{gathered} \text { Less than } \\ \$ 3,000 \end{gathered}$ | $\begin{array}{r} \$ 3,000 \\ -4,999 \end{array}$ | $\begin{aligned} & \$ 5,000 \\ & -7,499 \end{aligned}$ | $\begin{aligned} & \$ 7,500 \\ & -9,999 \end{aligned}$ | $\begin{aligned} & \$ 10,000 \\ & -14,999 \end{aligned}$ | $\begin{aligned} & \$ 15,000 \\ & \text { or more } \end{aligned}$ |
| 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 |
| 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 |

${ }^{\text {a }}$ Includes $T V$, refrigerator, washing machine, cooking range, and air conditioner only; some families own two or more of these appliances.
$\mathrm{b}_{\text {The }}$ harmonic mean of the reported ages. 1966 purchases were counted as one year old.

TABLE 5-18
appliance ownership - within housing status and duration of house occupancy groups
(Percentage distribution of families)

| Number of appliances ${ }^{\text {a }}$ owned | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ | Housing status and duration of house occupancy |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Primary owners |  | Primary renters |  | $\frac{\text { Primaries }}{\text { Neither }}$own <br> nor rent | Unrelated secondaries |
|  |  | $\begin{aligned} & \text { Bought } \\ & 1964-67 \\ & \hline \end{aligned}$ | Bought prior to 1964 | Moved in 1964-67 | Moved in prior to 1964 |  |  |
| None | 5 | 1 | 1 | 11 | 5 | 4 | 61 |
| One | 7 | 1 | * | 22 | 16 | 4 | 28 |
| Two | 6 | 3 | 2 | 14 | 12 | 8 | 7 |
| Three | 15 | 14 | 11 | 18 | 24 | 26 | 2 |
| Pour | 42 | 49 | 53 | 25 | 31 | 40 | 2 |
| Pive 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 |
| *Less than 0.5 percent. |  |  |  |  |  |  |  |
| ${ }^{4}$ Includes $T V$, refrigerator, washing machine, cooking range, and air conditioner only; some familieg own two of one or more of these appliances. |  |  |  |  |  |  |  |

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

| Expenditure ${ }^{\text {a }}$ for vacations | $\begin{gathered} \text { All } \\ \text { famflies } \\ \hline \end{gathered}$ | Annual family income |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | less than $\$ 3,000$ | $\begin{array}{r} \$ 3,000 \\ -4,999 \\ \hline \end{array}$ | $\begin{aligned} & \$ 5,000 \\ & -7,499 \end{aligned}$ | $\begin{aligned} & \$ 7,500 \\ & -9,999 \end{aligned}$ | $\begin{aligned} & \$ 10,000 \\ & -14,999 \\ & \hline \end{aligned}$ | $\begin{aligned} & \$ 15,000 \\ & \text { or more } \end{aligned}$ |
| 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 | 1 | 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 | 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.
${ }^{s}$ 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?"

TABLE 5-20
EXpENDItURE FOR VACATIONS - WITHIN LIFE CYCLE GROUPS
(Percentage distribution of families)

| Expenditure ${ }^{a}$ <br> for vacations | $\begin{gathered} \text { All } \\ \text { families } \\ \hline \end{gathered}$ | Under age 45 |  |  |  | Age 45 or older |  |  |  |  | $\frac{\text { Any age }}{\text { Unmarried }}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Unmarried | Married |  |  | Married |  |  | Unmarried |  |  |
|  |  |  |  |  |  |  | No chi | 11dren | No chi | ildren |  |
|  |  | $\begin{gathered} \text { No } \\ \text { children } \\ \hline \end{gathered}$ | $\begin{gathered} \text { No } \\ \text { children } \\ \hline \end{gathered}$ | Youngest child under age 6 | Youngeat child age 6 or older | $\begin{gathered} \text { Has } \\ \text { children } \end{gathered}$ | Head in lsbor force | Head retired | Head in labot force | $\begin{aligned} & \text { Head } \\ & \text { retired } \\ & \hline \end{aligned}$ | $\begin{gathered} \text { Has } \\ \text { children } \end{gathered}$ |
| 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 | 2 | 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 | 26 | 10 | 7 | 10 | 5 |
| Number of cases | 3,165 | 198 | 188 | 734 | 343 | 425 | 491 | 194 | 217 | 191 | 184 |

*Lesa 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 che lat twelve months?" If "yes", "Roughly how mach did you spend altogether, including transportation snd other things?"

## 6

## FINANCIAL ASSETS <br> AND LIFE INSURANCE

## Highlights

THE proportion of American families owning life insurance 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.

TABLE 6-4

## 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.

TABLE 6-8

## 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 $\$ 1,000$.

TABLE 6-I
LIFE INSURANCE OWNERSHIP
(Percentage distribution of families)

|  | Percent who own life insurance |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | 1954 | 1960 | 1964 | 1967 |
| All familiea | 82 | 79 | 75 | 79 |
| Annual family income |  |  |  |  |
| Lesy 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 CamLly 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 | 85 | 85 | 80 | 86 |
| Married, youngest child under age 6 | 89 | 85 | 85 | 88 |
| Married, youngest child age 6 or older | 91 | 90 | 88 | 93 |
| Age 45 or older |  |  |  |  |
| Unmarried, no children, head in labor force | 60 | 72 | 69 | 75 |
| Unmarried, no children, head retired | 2 | 47 | 45 | 48 |
| Married, no children, head in labor force | 80 | 86 | 84 | 85 |
| Married, no children, head retired | a | 69 | 61 | 70 |
| Married, has children | 84 | 85 | 83 | 87 |
| Any age |  |  |  |  |
| Unmarried, has children | 79 | 58 | 56 | 65 |

${ }^{\text {a }}$ Data not available.
The question asked was "Do you carry any life insurance?"
Notes: The term no children, appearing frequently in thit 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 family ${ }^{a}$
(Percentage distribution of families)

|  |  | Life insurance owned |  |  |  |  |  | Total | Number of cases |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | None | Less than \$1,000 | $\begin{aligned} & \$ 1,000 \\ & -4,999 \end{aligned}$ | $\begin{aligned} & \$ 5,000 \\ & -9,999 \end{aligned}$ | $\begin{aligned} & \$ 10,000 \\ & -49,999 \end{aligned}$ | $\begin{aligned} & \$ 50,000 \\ & \text { or more } \end{aligned}$ | $\begin{aligned} & \text { Don't } \\ & \text { know } \end{aligned}$ |  |  |
| 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 | 1 | 100 | 653 |
| \$15,000 or more | 5 | * | 4 | 7 | 57 | $25^{\circ}$ | 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 | 1 | 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.
The respondent was shown a card with amounts of insurance carried grouped in the same manner as in this table, and was asked: "Which of the groups on the card shows the total amount of life insurance you have?"

TABLE 6-2 (Sheet 2 of 2 )
amount of life insurance owned per family ${ }^{a}$
(Percentage distribution of families)

| Life cycle stage of family head | None | Life insurance owned |  |  |  |  |  | Total | Number <br> of cases |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Less than $\$ 1,000$ | $\begin{aligned} & \$ 1,000 \\ & -4,999 \end{aligned}$ | $\begin{aligned} & \$ 5,000 \\ & -9,999 \end{aligned}$ | $\begin{aligned} & \$ 10,000 \\ & -49,999 \end{aligned}$ | $\begin{aligned} & \$ 50,000 \\ & \text { or more } \end{aligned}$ | Don't <br> know |  |  |
| Under age 45 |  |  |  |  |  |  |  |  |  |
| Unmarried, no children | 23 | 2 | 18 | 22 | 27 | 3 | 1 | 100 | 198 |
| Morried, no children | 14 | 1 | 12 | 18 | 50 | 2 | 1 | 100 | 188 |
| Married, youngest child under age 6 | 12 | 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 | 1 | 100 | 217 |
| Unmarried, no children, head retired | 52 | 9 | 22 | 4 | 1 | * | 2 | 100 | 191 |
| Married, no childen, 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 |

TABLE 6-3
SAVINGS AND CHBCKING ACCOUNTS
(Percentage distribution of family units ${ }^{\text {a }}$ )

|  | Average |  |  |  | $1963{ }^{\text {b }}$ | 1963 | 1965 | 1967 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & 1947- \\ & 1949 \end{aligned}$ | $\begin{aligned} & 1951- \\ & 1953 \end{aligned}$ | $\begin{aligned} & 1955- \\ & 1957 \end{aligned}$ | $\begin{aligned} & 1958- \\ & 1960 \end{aligned}$ |  |  |  |  |
| Savings accounts |  |  |  |  |  |  |  |  |
| None | 58 | 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 | ${ }^{\text {c }}$ |
| \$2,000 or more | 8 | 11 | 14 | 15 | 21 | 22 | 23 |  |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Median | 670 | 820 | 1,000 | 1,000 |  | 490 | 500 | ,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 | $\square$ |
| $\$ 2,000$ or more | 5 | 5 | 4 | 4 | 4 | 5 | 6 | $\square$ |
| Total | $\overline{100}$ | 100 | 100 | $\overline{100}$ | $\overline{100}$ | -100 | 100 | 100 |
| Median | 450 | 410 | 390 | 370 |  | 380 | 390 | 390 |

[^42]TABLE 6-4
AMOUNTS HELD IN CHECKING ACCOUNTS - 1967
(Percentage distribution of income, age, and education groups)
Checking accounts

|  | Checking accounts |  |  |  |  | Total |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | None | $\begin{aligned} & \text { Less than } \\ & \$ 500 \end{aligned}$ | $\begin{aligned} & \$ 500 \\ & -999 \end{aligned}$ | $\begin{aligned} & \$ 1,000 \\ & -4,999 \end{aligned}$ | $\$ 5,000$ <br> or more |  |
| 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 |
| ---: | ---: | ---: | ---: | ---: | ---: |
| 29 | 60 | 8 | 2 | 1 | 100 |
| 29 | 50 | 13 | 7 | 1 | 100 |
| 30 | 43 | 16 | 9 | 2 | 100 |
| 32 | 34 | 17 | 14 | 3 | 100 |
| 38 | 31 | 14 | 14 | 3 | 100 |
| 46 | 29 | 14 | 8 | 3 | 100 |

Education of family head

| $0-5$ grades | 76 | 16 | 3 | 4 | 1 | 100 |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| 6-8 grades <br> 9-1. grades; some <br> high school plus <br> noncollege | 48 | 31 | 13 | 8 | $\%$ | 100 |
| 12 grades (completed <br> high school) | 39 | 42 | 10 | 7 | 2 | 100 |
| Completed high school, <br> plus noncollege training | 20 | 56 | 14 | 8 | 2 | 100 |
| College, no degree | 13 | 59 | 17 | 9 | 2 | 100 |
| College, bachelor's <br> degree | 6 | 60 | 19 | 13 | 2 | 100 |
| College, advanced <br> degree | 3 | 53 | 24 | 16 | 4 | 100 |

[^43]TABLE 6-5
AMOUNTS HELD IN SAVINGS ACCOUNTS - 1967
(Percentage distribution of various family groups)

|  | Savings accounts |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | None | $\begin{aligned} & \text { Less than } \\ & \$ 500 \end{aligned}$ | $\begin{aligned} & \$ 500 \\ & -999 \end{aligned}$ | $\begin{array}{r} \$ 1,000 \\ 4,999 \end{array}$ | $\begin{aligned} & \$ 5,000 \\ & \text { or more } \end{aligned}$ | Total |
| All familfes | 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 | 100 |
| \$3,000 or more | 42 | 30 | 11 | 13 | 4 | 100 |
| Age of family head |  |  |  |  |  |  |
| Under age 25 | 44 | 32 | 14 | 8 | 2 | 100 |
| 25-34 | 40 | 30 | 11 | 14 | 5 | 100 |
| 35-44 | 40 | 22 | 11 | 17 | 10 | 100 |
| 45-54 | 40 | 16 | 9 | 21 | 14 | 100 |
| 55-64 | 33 | 13 | 7 | 20 | 27 | / 100 |
| 65-74 | 38 | 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 |
| Age 45 or older |  |  |  |  |  |  |
| Unmartied, no children, head in labor force | 28 | 14 | 11 | 20 | 27 | 100 |
| ```Unmarried, no children, 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 |

TABLE 6-6

## STOCK OWNERSHIP and value of Stockholdings

(Percentage distribution)

|  | All familles |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | 1962 | 1963 | 1964 | $\underline{1967}$ |
| Own stock ${ }^{\text {a }}$ | 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 |


| Stock value | Annual family income |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Less than $\$ 3,000$ |  |  |  | \$3,000-4,999 |  |  |  | \$5,000-7,499 |  |  |  |
|  | $\underline{1962}$ | 1963 | 1964 | $\underline{1967}$ | $\underline{1962}$ | 1963 | 1964 | 1967 | 1962 | 1963 | 1964 | 1967 |
| Less than $\$ 500$ | 1 | 2 | 1 | 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 | 6 | 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 |

[^44]TABLE 6-7
VALUE OF STOCK OWNED - 1967
(Percentage distribution of various groups)


[^45]| TABLE 6-8 <br> VALUE OF BONDS OWNED - 1967 <br> (Percentage distribution of families) |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Bond ownership |  |  |  |  |  |
|  | Nonc | $\begin{gathered} \text { Less than } \\ \$ 500 \\ \hline \end{gathered}$ | $\begin{aligned} & \$ 500 \\ & -999 \end{aligned}$ | $\begin{array}{r} \$ 1,000 \\ 4,999 \\ \hline \end{array}$ | $\begin{aligned} & \$ 5,000 \\ & \text { or more } \end{aligned}$ | 'Total |
| All families | 75 | 11 | 4 | 6 | 4 | 100 |
| Total family income, 1966 |  |  |  |  |  |  |
| Less than $\$ 3,000$ | 90 | 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 | 1 | 100 |
| 25-34 | 75 | 18 | 3 | 3 | 1 | 100 |
| 35-44 | 72 | 15 | 5 | 7 | 1 | 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 | 2 | 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 | 1 | 5 | 11 | 100 |
| Married, has children | 73 | 12 | 5 | 8 | 2 | 100 |
| Any age |  |  |  |  |  |  |
| Unmarried, has children | 82 | 13 | 1 | 3 | 1 | 100 |

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 underestimate these charges. Buyers of durable goods appear to be concerned 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 bor-rowing-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 195450 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
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
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 falien 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 fami-lies- 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.

TABLE 7-1
ATTITUDES TOWARD INSTALLMENT BUYING
(Percentage distribution of families)

| Ingtallment buying is: | Jan- <br> Feb. <br> 1954 | $\begin{aligned} & \text { Aug. } \\ & 1956 \end{aligned}$ | NovDec. 1957 | $\begin{aligned} & \text { Nov. } \\ & 1959 \end{aligned}$ | Jan- <br> Eeb. <br> 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 |
| Total | 100 | 100 | 100 | 100 | 100 |
| Number of families | 3,000 | 1,350 | 1,493 | 1,332 | 3,165 |

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

## TABLE 7-2

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

|  | Installment buying is: |  |  |  |  |  |  |  | Total | Number of cases |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Annual family income | $\frac{\text { Good idea }}{1967 \quad 1959}$ |  | Pro-con, don't know |  | Bad 1 | idea | $\begin{array}{r} \mathrm{N} \\ \text { esscer } \end{array}$ | ot tained |  |  |
|  |  |  | $\underline{1967}$ | 1959 | 1967 | 1959 | 1967 | 1959 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| 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 | 6 | 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 installment debt | $\underline{1967}$ | 1956 | $\underline{1967}$ | 1956 | 1967 | 1956 | 1967 | $\underline{1956}$ |  |  |
| None | 40 | 40 | 12 | 16 | 47 | 43 | 1 | 1 | 100 | 1,940 |
| Less than \$100 | 64 | 64 | 6 | 15 | 29 | 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 |

[^46]TABLE 7-3
ATTITUDES TONARD INSTALLMENT BUYING WITHIN INCOME, TOTAL DEBT, AGE, AND EDUCATION GROUPS
(Percentage distribution of families)

|  | Installment buying is: |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & \text { Good } \\ & \text { idea } \end{aligned}$ | Pro-con, don't know | Bad <br> 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 installaent debt |  |  |  |  |  |  |
| None | 40 | 12 | 47 | 1 | 100 | 1,940 |
| \$1-99 | 64 | 6 | 29 | 1 | 100 | 167 |
| \$100-199 | 54 | 13 | 32 | 1 | 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 | 1 | 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 | 1 | 100 | 663 |
| 35-44 | 57 | 9 | 33 | 1 | 100 | 712 |
| 45-54 | 53 | 12 | 34 | 1 | 100 | 727 |
| 55-64 | 40 | 11 | 47 | 2 | 100 | 601 |
| 65-74 | 41 | 11 | 47 | 1 | 100 | 473 |
| Age 75 or older | 31 | 15 | 54 | * | 100 | 302 |
| Education of family head |  |  |  |  |  |  |
| 0-5 gradea | 47 | 10 | 41 | 2 | 100 | 278 |
| 6-8 grades | 44 | 9 | 45 | 2 | 100 | 806 |
| 9-11 grades | 52 | 10 | 37 | 1 | 100 | 692 |
| 12 grades | 51 | 10 | 38 | 1 | 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 | 1 | 100 | 317 |
| College, advanced degree | 38 | 16 | 46 | * | 100 | 146 |

*Less than 0.5 percent.

MAJOR REASONS FOR USING INSTALLMENT DEBT ${ }^{a}$ WITHIN INCOME, AGE, AND TOTAL INSTALLMENT DEBT GROUPS - 1967
(Percentage distribution of Eamilies)

|  | Favorable reason | Unfavorable reasons |  |  | ```Number of cases``` |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Only way you can buy things | Don ${ }^{1} t$ believe in debt, moral reasons | Costs too much | Likely to buy too much |  |
| All families | 27 | 5 | 16 | 13 | 3,726 |
| Annual family income |  |  |  |  |  |
| Lesa 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 | 276 |
| \$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 | 19 | 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 |  |  |  |  |  |
| Nore | 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 |

[^47]TABLE 7-5
OPINIONS ABOUT APPROPRIATENESS OF BORROWING FOR VARIOUS PURPOSES
(Percentage distribution of fanilies)

${ }^{\star}$ 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 reabons for borrowing money which they pay back over a period of time. Would you say it is all right for someone like yourself so borrow money..."

DESCRIPTION OF A PERSON WHO BUYS ON THE INSTALLMENT PLAN ALTHOUGH HE HAS SUFFICIENT CASH
(Percentage distribution of families)

|  | All families |  | Annual family income of respondent |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Less than \$3,000 |  | $\begin{aligned} & \$ 3,000 \\ & -4,999 \end{aligned}$ |  | $\begin{aligned} & \$ 5,000 \\ & -7,499 \\ & \hline \end{aligned}$ |  | $\begin{array}{r} \$ 7,500 \\ -9,999 \\ \hline \end{array}$ |  | $\begin{aligned} & \$ 10,000 \\ & \text { or. more } \end{aligned}$ |  |
|  | 1959 | 1967 | 1959 | 1967 | 1959 | 1967 | 1959 | 1967 | 1959 | 1967 | 1959 | 1967 |
| $\begin{aligned} & \text { Favorable } \\ & \text { description }^{a} \end{aligned}$ | 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 nor unfavorable ${ }^{c}$ | 10 | 8 | 10 | 6 | 8 | 8 | 12 | 6 | 9 | 10 | 13 | 10 |
| Don't know or not ascertained | 21 | 17 | 35 | 23 | 22 | 20 | 13 | 17 | 11 | 16 | 12 | 10 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | $100^{\circ}$ | 100 |

"Includee such deacriptions as "inteliigent," "informed, " "plans ahead," "cautious," "congervative," "wise."
bincludes such descriptiong as "impatient," "foolioh," "not good with money."
CIncludes such deacriptions as "average," "family man," "different."
The questions asked were "Speaking of buying a car on time, Mr. $X$ has just done so although he hat 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 ia?"

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)

| Reason | All families |  | Annual family income of respondent |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | $\begin{gathered} \text { Less than } \\ \$ 3,000 \end{gathered}$ |  | $\begin{array}{r} \$ 3,000 \\ -4,999 \\ \hline \end{array}$ |  | $\begin{aligned} & \$ 5,000 \\ & -7,499 \\ & \hline \end{aligned}$ |  | $\begin{array}{r} \$ 7,500 \\ -9,999 \\ \hline \end{array}$ |  | $\begin{aligned} & \$ 10,000 \\ & \text { or more } \\ & \hline \end{aligned}$ |  |
|  | 1959 | 1967 | 1959 | 1967 | 1959 | 1967 | 1959 | 1967 | 1959 | 1967 | 1959 | 1967 |
| To keep bank account for emergencies | 42 | 34 | 40 | 32 | 41 | 32 | 47 | 34 | 51 | 36 | 35 | 36 |
| Wanted cash for something 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 | * | * | 1 | 1 | 0 | 1 | * | 1 | * | * | * |
| Other | 9 | 17 | 7 | 10 | 10 | 10 | 9 | 20 | 6 | 15 | 22 | 23 |
| Only derogatory statement, no reason gived | 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 | $\underline{-}$ | 2 | 1 | 2 | 1 | 1 | 1 | 4 | 1 |
| 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 ikind of man do you think he is?"

TABLE 7-8
first mentioned reason attributed to a person who buys on the installment plan although hr has supficient cash - Within age groups - 1967
(Percentage distribution of families)

| Reason | Age of family head, 1967 |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 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 bavings | 3 | 5 | 8 | 7 | 5 | 3 | 2 |
| To establish credit | 24 | 11 | 9 | 7 | 4 | 4 | 1 |
| Betser service | 2 | 5 | 7 | 10 | 11 | 6 | 5 |
| Use car while paying | 0 | * | * | * | * | * | 0 |
| Other | 18 | 19 | 16 | 16 | 18 | 13 | 15 |
| Only derogatory statement, 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 tiae, Mr. X has just done ao 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 INSTALLMEM DEBT GROUPS - 1967
(Percentage distribution of families)

| Reason | , |  | Total installment debt of respondent, 1967 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | None | \$1-99 | \$100-199 | \$200-499 | \$500-999 | $\begin{array}{r} \$ 1,000 \\ -1,999 \end{array}$ | $\begin{array}{r} \$ 2,000 \\ -2,999 \\ \hline \end{array}$ | $\begin{aligned} & \$ 3,000 \\ & \text { or more } \\ & \hline \end{aligned}$ |
| To keep bank account for emergenciea | 31 | 34 | 35 | 40 | 35 | 39 | 37 | 41 |
| Wanted cash for someching 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 | 21 | 25 |
| Only derogatory statement, 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 | 1 | $\stackrel{*}{*}$ | 0 | 2 |
| Total | 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?"

TABLE 7-10
ESTIMATES OF INTEREST RATE ON A CAR LOAN - WITHIN EDUCATION GROUPS
(Percentage distribution of families)

| Eatimate of interest per year | Education of family head |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ |  | Less than 9 grades |  | 9-11 grades (some high school) |  | High achool graduates |  | Some college |  | College graduates |  |
|  | 1959 | 1967 | 1959 | 1967 | 1959 | 1967 | 1959 | 1967 | 1959 | 1967 | 1959 | 1967 |
| Underestionate |  |  |  |  |  |  |  |  |  |  |  |  |
| Less than 4 percent | 2 | 1 | 1 | 1 | 3 | 1 | 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 | 12 | 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 anawer | 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 | $\begin{aligned} & \text { (about } \\ & 1,400 \text { ) } \end{aligned}$ | 3,165 | $a$ | 1,084 | a | 1,692 | $a$ | 1,030 | a | 437 | a | 463 |

${ }^{2}$ Not 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 mach do you think the interest or carrying charges would be?'

TABLE 7-11
estimates of interest rate on a car loan - within age and car debt groups
(Percentage distribution of families)

|  | Age of family head |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ | Under <br> age 25 | $\begin{array}{r} 25 \\ -34 \\ \hline \end{array}$ | $\begin{array}{r} 35 \\ -44 \\ \hline \end{array}$ | $\begin{array}{r} 45 \\ -54 \end{array}$ | $\begin{array}{r} 55 \\ -64 \\ \hline \end{array}$ | $\begin{array}{r} 65 \\ -74 \end{array}$ | 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 | 1.5 | 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 | 5 | 5 | 6 |
| Don't know or uncodeable | 25 | 15 | 15 | 15 | 17 | 26 | 40 | 56 |
| Not ascertained |  | 1 | 1 | 1 | 2 | 1 | 1 | 3 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Car debt

|  | $\begin{aligned} & \text { Has no } \\ & \text { such debt } \end{aligned}$ | \$1-199 | $\begin{aligned} & \$ 200 \\ & -499 \end{aligned}$ | $\begin{array}{r} \$ 500 \\ -999 \\ \hline \end{array}$ | $\begin{array}{r} \$ 1,000 \\ -1,999 \\ \hline \end{array}$ | $\begin{aligned} & \$ 2,000 \\ & \text { or more } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 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 nceded 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?"

INFORMATION ON RECENT CHANGE IN INTEREST RATE CHARGED ON INSTALLMENT BUYING - 1967
(Percencage dietribution of Eamilies)


[^48]TABLE 7-12 (Sheet 2 of 2)
INFORMATION ON REGENT CHANGE IN INTEREST RATE CHARGED ON INSTALLMENT BUYING - 1967
(Percentage distribution of families)

| Change in rate | Installment debt |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | No such debt | \$1-99 | \$100-199 | \$200-499 | \$500-999 | $\begin{aligned} & \$ 1,000 \\ & -1,999 \end{aligned}$ | $\begin{array}{r} \$ 2,000 \\ -2,999 \\ \hline \end{array}$ | $\begin{aligned} & \$ 3,000 \\ & \text { or more } \\ & \hline \end{aligned}$ |
| 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?"

TABLE 7-13
PERCEPTION OF COST DIFFERENCES AMONG BORROWING SOURCES AND LEAST EXPENSIVE BORROWING SOURCE - WITHIN DEBT GROUPS - 1967
(Percentage distribution of famillea)

|  |  | Total installment debt |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \text { Al1 } \\ \text { families } \end{gathered}$ | $\begin{aligned} & \text { No } \\ & \text { such } \end{aligned}$ debt | \$1-99 | $\begin{aligned} & \$ 100 \\ & -199 \end{aligned}$ | $\begin{aligned} & \$ 200 \\ & -499 \end{aligned}$ | $\begin{aligned} & \$ 500 \\ & -999 \end{aligned}$ | $\begin{aligned} & \$ 1,000 \\ & -1,999 \end{aligned}$ | $\begin{array}{r} \$ 2,000 \\ -2,999 \end{array}$ | $\$ 3,000$ <br> or more |
| Percent who eay there is a difference | 85 | 80 | 72 | 93 | 88 | 93 | 93 | 96 | 95 |
| Of those who say there is a difference |  |  |  |  |  |  |  |  |  |
| 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 Individuals | 8 * | 2 | 2 | 3 | 2 | 1 | ${ }^{\prime} 1$ | 1 | 1 |
| Other | 2 | 2 | 0 | 0 | - 1 | 1 | * | 1 | 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 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

${ }^{*}$ Leas 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?"

TABLE 7-14
PERCEPTION OF COST DIFFERENCES AMONG BORROWING SOURCES AND LEAST EXPENSIVE BORROWING SOURCE - WITHIN INCOME GROUPS - 1967
(Percentage distribution of famflies)

|  | Annual family income |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Less than \$3,000 | $\begin{aligned} & \$ 3,000 \\ & -3,999 \end{aligned}$ | $\begin{aligned} & \$ 4,000 \\ & -4,999 \end{aligned}$ | $\begin{aligned} & \$ 5,000 \\ & -5,999 \end{aligned}$ | $\begin{aligned} & \$ 6,000 \\ & -7,499 \end{aligned}$ | $\begin{aligned} & \$ 7,500 \\ & -9,999 \end{aligned}$ | $\begin{aligned} & \$ 10,000 \\ & -14,999 \end{aligned}$ | $\$ 15,000$ <br> or more |
| Percent who say there is a difference | 65 | 79 | 80 | 88 | 90 | 93 | 94 | 98 |
| Of those who say there is a difference |  |  |  |  |  |  |  |  |
| 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 | 12 | 16 | 13 |
| From the dealer | 1 | 1 | 1 | 1 | 0 | 1 | 1 | * |
| ```From friends, relatives, or other individuals``` | $6 \quad 1$ | 2 | 2 | 5 | 2 | 1 | 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?"

TABLE 7-15
FREQUENCY OF ACCELERATED OR DELAYED PAYMENTS ON INSTALLMENT LEBT (Percentage distribution of familles with installment debt)

|  | Debt payments |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Faster or larger |  | Slower or smaller |  | As scheduled |  | Not agcertained |  | Total |
|  | $\underline{1966}$ | 1964 | 1966 | 1964 | 1966 | $\underline{1964}$ | 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 | 100 |
| \$2,000 or more | 15 | 13 | 8 | 7 | 74 | 77 | 3 | 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?"

TABLE 7-16
OPINION ABOUT ABILITY TO MAKE LARGER PAYMENTS
(Percentage distribution of families with debt)

|  | Easy | Rather easy | Pro-con; depends; don't know | Rather <br> difficult | Difficult, very difficult | Not ascertained | Total |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| All families | 15 | 7 | 2 | 9 | 62 | 5 | 100 |
| Debt-debt payment |  |  |  |  |  |  |  |
| 1 to 5 months | 15 | 7 | 1 | 12 | 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 ${ }^{\text {a }}$ | 8 | 2 | 2 | 9 | 74 | 5 | 100 |
| Amount of debt not ascertained | 22 | 12 | 7 | 12 | 42 | 5 | 100 |

${ }^{\text {a }}$ Includes 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 <br> AND THEIR INFLUENCE <br> 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:

Four-Year Past and Expected Income Change

| Group | Income now compared with 4 years ago | Expected income 4 years hence compared with now | Descriplion | Percent of all families |
| :---: | :---: | :---: | :---: | :---: |
| (1) | up | up | Continuous gain | 39 |
| (2) | $\operatorname{up}_{\text {same }}$ | same up | Intermittent gain | 14 |
| (3) | $\operatorname{up}_{\text {down }}$ | down up | Reversal | 10 |
| (4) | same | same | Stagnation | 10 |
| (5) | down same down | same down down | Decline | 8 |
| (6) | don't know uncertain |  |  | 19 |
|  | Total |  |  | 100 |

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
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:

Income change experience


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 in-flation-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 8-2 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 variablẻs 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

[^49]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

[^50]| Proportion in each subgroupin percent | $\qquad$ | Intentions to buy |  |
| :---: | :---: | :---: | :---: |
|  |  | $\begin{gathered} \text { Any } \\ \text { durable } \end{gathered}$ | Two or more durables |
| Overall mean | 37 | 44 | 14 |
| Better off than a ycar 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 | , |
| Better off-worse off trend |  |  |  |
| up-up | 52 | 65 | 26 |
| declines | 29 | 34 | 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. ${ }^{3}$

[^51]
## CHART 8-1

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


CHART 8-2
PROPORTION OF AGE AND INCOMR GROUPS WITH CONTINUOUS BETTER OFF TREND ${ }^{a}$


Family 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 | $\begin{gathered} \text { All } \\ \text { familifes } \end{gathered}$ | All families with ana opinion | Family income more than \$10,000 | Family head under age 45 |
| :---: | :---: | :---: | :---: | :---: |
| 1 year and 4 years ago | 40 | 41 | 57 | 54 |
| 1 year ago, 1 year hence | 28 | 29 | 38 | 41 |
| 1 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 | b | 953 | 1,589 |


|  | Family income more than $\$ 5,000$ and head under age 55 | Family head has college education | Whites | Negroes |
| :---: | :---: | :---: | :---: | :---: |
| 1 year and 4 years ago | 56 | 55 | 41 | 30 |
| 1 year ago, 1 year hence | 40 | 42 | 28 | 24 |
| 1 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 |

[^52]TABLE 8-2
PACTORS CONTRIBUTING TO OPTIMISTIC INCOME EXPECTATIONS

|  | Expect income to be higher than in 1966 |  |  |
| :---: | :---: | :---: | :---: |
|  | During next year | 4 years from now | Both next year and 4 years from now |
|  | Beta coefficients |  |  |
| Age | . 24 | . 43 | . 29 |
| Education | . 12 | . 11 | . 13 |
| Income level | . 04 | . 09 | . 02 |
| Self-employment | . 05 | . 04 | . 04 |
| Race | . 02 | . 05 | . 01 |
| Income change during: |  |  |  |
| Past year | . 23 | - | - |
| Past 4 years | - | . 16 | - |
| Past year and part 4 yeara | - | - | . 20 |

Proportion expecting
higher income during the indicated period

Age
Under age 25 25-34
35-44
45-54
55-64
Age 65 or older
Income change ${ }^{b}$

| Lerge increase | 62 | 53 | 73 | 59 |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Small increase | 55 | 50 | 51 | 51 |  |  |
| No change | 19 | 27 | 20 | 37 |  |  |
| Small decrease | 35 | 36 | 35 | 45 |  |  |
| large decrease | 47 | 46 | 35 | 45 |  |  |
| Income change one year and four years ago |  |  |  |  |  |  |
| Continuous gain |  |  |  |  | 48 | 41 |
| Intermittent gain |  |  |  |  | 22 | 25 |
| Reversal |  |  |  |  | 34 | 30 |
| Stagnation |  |  |  |  | 3 | 17 |
| Decline |  |  |  |  | 16 | 23 |

$R^{2}=$
21.1 percent
33.2 percent
22.5 percent
${ }^{-}$Less than .005
${ }^{a}$ Adjusted for age, income level, and income change.
$b_{\text {Optimistic income expectations during next year (firat aet of two columns) }}$ related to income change during past year; optimiatic expectations four years from now (aecond set of two columne) related to income change during past four years; optimistic expectations both next year and four years from now (last aet 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 ${ }^{\text {a }}$ from multivariate studies)

| Predictor | Purchased durables in $1966^{\text {b }}$ | Incurred ingtallment debt in 1966 | Intend to buy in 1967: ${ }^{\text {c }}$ |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | $\begin{gathered} \text { Any } \\ \text { durables } \end{gathered}$ | Two or more durables | New automobiles |
| Income leve ${ }^{\text {a }}$ | . 29 | . 08 | . 25 | . 21 | . 20 |
| Age | . 14 | . 33 | . 16 | . 11 | . 07 |
| 1 year and 4 years ago | . 05 | . 06 | . 07 | . 04 | . 04 |
| 1 year ago, 1 year hence | . 04 | . 08 | . 11 | . 09 | . 05 |
| 1 year and 4 yeara hence | . 03 | . 06 | . 12 | . 09 | . 09 |
| 4 years ago, 4 years hence | . 06 | . 05 | . 11 | . 10 | . 11 |
| Better/worge off a year ago, a year hence | . 06 | . 07 | . 15 | . 12 | . 10 |
| Average $\mathrm{R}^{2}$ | 13.4 | 14.6 | 14.5 | 8.2 | 5.0 percent |

${ }^{2}$ Square root of partial regression coefficient (beta square).
${ }^{\text {b Proportion of families who bought a house for owner-occupancy, or an automobile, or spent at least } \$ 100 \text { on household }}$ appliances or on additions and repairs to houses. Buyers of two or more items are counted once.
${ }^{\text {c Proportion of }}$ familiea 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 aeparately.
adjusted and unadjusted frequencies for five kinds of discretionary behavior and five income trends (In percent)


TABLE 8-4 (Sheet 2 of 2)
ADJUSTED AND UNADJUSTED FREQUENCIES FOR FIVE KINDS OF DISCRETIONARY BEHAVIOR AND FIVE INCOME TRENDS (In percent)

| Predictor | Purchased durables |  | Incurred <br> installment debt |  | Intend to buy: |  |  |  | New car |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | unadj. | adj. | unadj. | $\underline{\mathbf{a d j}}$. | $\underline{l}$ or more |  | 2 or more |  | $\underline{\text { unad }] .}$ | adj. |
|  |  |  |  |  | unadj. | adj. | unadj. | adj. |  |  |
| 1 year and 4 years hence |  |  |  |  |  |  |  |  |  |  |
| Continuous gain | 73 | 65 | 51 | 40 | 59 | 51 | 22 | 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 yeara 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 |

TABLE 8-5
RELATION OF FINANGIAL TRENDS TO CAR TURNOVER ${ }^{a}$ (Percentage distribution of families owing cars) ${ }^{\text {b }}$

|  |  | Better off - worse off a year ago and a year hence |
| :--- | :--- | :--- | :--- | :--- | :--- |

${ }^{a}$ Turnover: years between last purchase and next intended purchase.
$b_{\text {Families not owning cars as well as those families whose car purchase plans }}$ were not ascertained, or who said they "might" buy a car were excluded.

TABLE 8-6
ADJUSTED AND UNADJUSTED FREQUENCIES FOR SHORT CAR TURNOVER RATES ${ }^{\text {a }}$ (In percent)

| 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 |

[^53]
## 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

[^54]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.

[^55]
## 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.

[^56]TABLE 9-1
PURCHASES AND INTENTIONS

|  |  | Intentions to purchase in 1967 |  |
| :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & \text { Purchases } \end{aligned}$ | $\begin{aligned} & \text { Fairly } \\ & \text { definite } \end{aligned}$ | Definite and onehalf of "might buy" |
| Cars | 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 iteme | 23.6 | 11.5 |  |
| Three items | 6.4 | 2.0 |  |
| Four itemb | 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 |  |  |  |

${ }^{a}$ Say 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 $\$ 100$ ).

TABLE 9-2
COMBINATIONS OF PURCHASE INTENTIONS
(Percentage distribution of all families)

| Intend to buy | Alone | Plus one other | Plus two others. | Plus three others | Total |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 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 |

Combinations of purchase plans
Cars and household durables
$\begin{array}{ll}\text { Cars and additions and repairs } & 3.4\end{array}$
$\begin{array}{ll}\text { Cars and houses } & 0.8\end{array}$
Household durables and additions
and repairs
$\begin{array}{ll}\text { Household durables and houses } & 2.2\end{array}$
Additions and repairs and houses 0.4

TABLE 9-3
INTENTIONS TO PURCHASE IN DIFFERENT POPULATION GROUPS
(Percentage of various family groups)


|  | Occupation of family head |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Professionals | Managers | Selfemployed | C 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 |
|  | Operatives | Laborers | Farmera R | Retired Mis | el laneous |
| Intend to buy at least one item | 48 | 36 | 43 | 20 | 38 |
| Intend to buy two or more items | 16 | 8 | 12 | 3 | 9 |

TABLE 9-4
RELATION OF INTENTIONS TO BUY TO ATTITUDES
(Percentage of various family groupa)

| PART A | Better or worse financial position, past and future |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & \text { Continuous Inte } \\ & \text { gain } \end{aligned}$ | rmittent gain | Reversal Sta | gnation | Decline |
| Intend to buy at least one item | 64 | 53 | 46 | 32 | 34 |
| Intend to buy two or more items | 26 | 17 | 15 | 8 | 8 |
| PART B | Twelve-month business conditions expected |  |  |  |  |
|  | Good Good, | , qualifi | ed Pro- | con | Bad |
| Intend to buy at least one item | 50 | 46 | 36 |  | 42 |
| Intend to buy two or more items | 16 | 15 | 12 |  | 13 |
| PART C | Five-year business conditions expected |  |  |  |  |
|  | Good, Good qualified | Pro-con | $\begin{gathered} \text { Bad, } \\ \text { qualified } \\ \hline \end{gathered}$ | Bad De | d Depends |
| Intend to buy at least one item | 4950 | 45 | 46 | 42 | 42 |
| Intend to buy two or more items | $17 \quad 15$ | 17 | 16 | 11 | 9 |
| PART D E | Evaluation of buying conditions for large household goods |  |  |  |  |
|  | Good | Pro-con | Uncerta |  | Bad |
| Intend to buy at least one item | 50 | 46 | 32 |  | 40 |
| Intend to buy two or more items | 17 | 12 | 10 |  | 11 |

TABLE 9-5
RELATION OF INTENTIONS TO BUY TO PURCHASES DURING PREVIOUS YEAR (Percentage distribution of all families)

| 1967 Intentions index | 1966 Purchase index ${ }^{\text {a }}$ |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Families who bought |  |  |  | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ |
|  | Nothing | One kind | $\begin{aligned} & \text { Two } \\ & \text { kinds } \end{aligned}$ | Three or four kinds |  |
| 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 |
| $\text { Total }{ }^{b}$ | 34 | 36 | 24 | 7 | 100 |
| - | Proportion in each group with definite buying intentions |  |  |  |  |
|  | 32 | 45 | 54 | 62 | 44 |

* Less than 0.5 percent.
${ }^{\text {a }}$ Purchases of and intentions to buy houses, automobiles, household durables, and additions or repairs.
betails may not add to totals due to rounding.

TABLE 9-6
RELATION OF INTENTIONS TO BUY SPECIFIC GOODS TO PURCHASES DURING PAST YEAR (Percentage distribution of Eamilies)

| PART A | Automobiles purchased in 1966 |  |  | All Eamilies |
| :---: | :---: | :---: | :---: | :---: |
|  | No car | New car | Used car |  |
| 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 household goods purchased in 1966 |  |  |  | $\begin{gathered} \text { All } \\ \text { families }^{a} \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | None | \$1-99 | \$100-499 | \$500 or more |  |
| 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 | 24 |
| Totals | 52 | 5 | 28 | 1.5 | 100 |


| PART C | Additiona and repairs made in 1966 |  |  |  | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | None | \$1-99 | \$100-499 | \$500 or more |  |
| Will not make additions or repairs in 1967 | 47 | 7 | 10 | 0 | 70 |
| Might make additions or repairs | 4 | 1 | 2 | 1 | 7 |
| Will or probably will | 9 | 3 | 6 | 5 | 23 |
| Totals ${ }^{\text {a }}$ | 60 | 11 | 17 | 12 | 100 |

[^57]TABLE 9-7
RELATION OF INSTALLMENT DEBT TO INTENTIONS TO BUY DURABLE GOODS ${ }^{a}$
(Percentage distribution of all families)

|  |  | Intentions | buy in 19 |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  |  | Definite | atentions for |
|  | None | Might buy | One durable good | Two or more durable goods |
| All families | 46 | 10 | 30 | 14 |
| Installment debt outstan early 1967 |  |  |  |  |
| Families with no debt | 53 | 9 | 27 | 11 |
| Families with debt | 39 | 10 | 34 | 17 |
| Less than \$200 | 46 | 11 | 26 | 17 |
| \$200-499 | 38 | 9 | 38 | 15 |
| \$500-999 | 41 | 11 | 31 | 17 |
| \$1,000-1,999 | 36 | 11 | 36 | 17 |
| \$2,000 or more | 34 | 9 | 38 | 19 |
| Ratio of annual installm payments to income, ea |  |  |  |  |
| 1 to 4 percent | 35 | 11 | 31 | 23 |
| 5 to 9 percent | 35 | 11 | 34 | 20 |
| 10 to 19 percent | 39 | 10 | 36 | 15 |
| 20 percent or more | 46 | 10 | 33 | 11 |

[^58]
## EXPRESSED INTENTIONS TO BUY <br> TABLE 9-8

 189RELATION OF INSTALIMENT DEBT TO INTENTIONS TO BUY CARS AND HOUSEHOLD DURABLES (Percentage distribution of all families)

|  | Intentions to buy in 1967 ${ }^{\text {a }}$ |  |
| :---: | :---: | :---: |
|  | Car | 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 |  |  |
| 1 to 4 percent | 28 | 36 |
| 5 to 9 percent | 25 | 32 |
| 10 to 19 percent | 17 | 31 |
| 20 percent or more | 16 | 14 |

[^59]TABLE 9-9
PLANNED EXPENDITURE ON INTENDED PURCHASES
(Percentage distribution of families intending to buy) ${ }^{\text {a }}$

| PART A | New and used cars |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | New |  |  | Used |  |  |
|  | 1965 | $\underline{1966}$ | 1967 | 1965 | 1966 | 1967 |
| 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 |


| PAR'T B | Household durables and additions and repairs |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Household durables |  |  | Additions 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 |  |  |  |
| \$500-749 | 15 | 21 | 16 | 8 | 18 | 8 |
| \$750-999 | 4 | 3 | 4 | 18 |  |  |
| \$1,000 or more | 7 | 7 | 11 | 21 | 25 | 21 |
| Not ascertained; don't know amount | 15 | 7 | 10 | 7 | 4 | 10 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |
| Median amount | \$350 | \$380 | \$370 | \$410 | \$450 | \$430 |

[^60]TABLE 9-10

LONG-TERM CAR BUYTNG LNTENTIONS
(Percentage distribution of all families)

|  | All Eamilies |  |  | Annual family income $\$ 10,000$ or more |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & \text { Feb. } \\ & \underline{1966} \\ & \hline \end{aligned}$ | $\begin{aligned} & \text { Feb. } \\ & \underline{1967} \end{aligned}$ | $\begin{aligned} & \text { Nov. } \\ & \underline{1967} \end{aligned}$ | Feb. $1966$ | Feb. <br> 1967 | $\begin{aligned} & \text { Nov. } \\ & 1967 \\ & \hline \end{aligned}$ |
| 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 |  | 7 | 6 |  | 10 | 8 |
| Expect to buy in 2 to 3 years | 26 | 17 | 21 | 32 | 24 | 24 |
| Expect to buy in 3 to 4 years |  | 9 | 9 |  | 11 | 11 |
| Expect to buy 4 or more years from now | 19 | 10 | 10 | 17 | 9 | 10 |
| WIll never buy; only when necessary | 21 | 22 | 19 | 7 | 6 | 4 |
| Don't know; not ascertained | 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 INCOMR GROUPS, EARLY 1967
(Percencage distribution of all families)

*Less than 0.5 percent.
${ }^{\text {a }}$ Model years 1964 to 1967.
Note: for comparable data obtained early in 1966, see 1966 Survey of Consumer Finances, Table 4-19.

## PART THREE

## 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

[^61]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 consumers* 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.

## 10

## 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

[^62]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

[^63]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't: 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 $\amalg-22$ and $\Pi I-23$ 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).

## II

## 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 durablesimproved 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 MayJune 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 $\mathrm{m}-1,1$ 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 MayJune. 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 II-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

[^64]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 MayJune 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-I

EXPECTATIONS ABOUT AUTOMOBILE PRICES
(Percentage distribution)

| May-June 1967 | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ | Pamilies 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 |

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.

[^65]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 | MayJune 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 ${ }^{1} t$ know; not ascertained | 11 | 9 |
| 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 MI-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 highlevel 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 NovemberDecember 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
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 $\mathrm{II}-14$ 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 MiddleEast crisis) as follows:

|  | $\begin{gathered} \text { February } \\ 1967 \end{gathered}$ | $\begin{gathered} \text { May-June } \\ 1967 \end{gathered}$ |
| :---: | :---: | :---: |
| 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 MayJune 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 ( T able 11-3). Regarding expected changes in interest rates, pessimists continued in May-June 1967 to outnumber the optimists, although there was some improvement in expectations since NovemberDecember. This question was asked about forthcoming changes in interest rates in general, rather than about interest rates on mortgages. The proportion of people expecting a decline in interest
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 on mortgages | in intere (May-June | est rate charged e 1967 data) |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \text { All } \\ \text { families } \\ \hline \end{gathered}$ | Families with annual Income of $\$ 10,000$ or more |  | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ | Familes with annual income of $\$ 10,000$ or more |
| More available | 31 | 52 | Decreased | 16 | 28 |
| Less available | 15 | 13 | Increased | 21 | 27 |
| No change | 16 | 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 availability of mortgage credit during the last few months? (What kind of changes?) How about the cost of home financing; in your opinion have there been any changes in the interest rate charged on mortgages during the last few montha? (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.

## 12

# 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- $1^{1}$ ).

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
[^66]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 $\Pi-2$ ). 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 ( 15 percent) 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 one-third-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 ДI-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 income 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 II-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 whentight 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 $I I-19$ ). 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 income taxes.

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 I967

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.

[^67]While in 1966 rising prices, rising interest rates, and the prospect of higher income taxes 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 ШII-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

TABLE 13-1
ATTITUDES RELATED TO THE EXTENT OF EXPECTED PRICE INCREASES (Percentage distribution in November 1967)

| Attitude ${ }^{\text {a }}$ | Pricea next year |  |
| :---: | :---: | :---: |
|  | Will go up <br> 2 percent or less | Will go up |
| 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 |
| Will be the same; uncertain | 58 | 49 |
| Will 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 |
| Total | 100 | 100 |
| Expect good times next 5 years | 35 | 33 |
| Pro-con; uncertain | 41 | 35 |
| Expect bad times next 5 years | 24 | 32 |
| Total | 100 | 100 |
| Proportion of all families | 45 | 36 |

[^68]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 businesstrends 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 earlierattributed 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 incomes. Since annual income increases, for those who get them, 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 $\mathrm{HI}^{-10}$ 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 waslittle 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
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 OR BUSINESS CONDITIONS
(Percentage distribution of all families in November 1967)

| Business conditions in <br> a year compared to now | Business conditions now compared to a year ago |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Better | $\underline{\text { Same }}$ | Worse | Don't know; not ascertained | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ |
| Better | 15 | 6 | 3 | 1 | 25 |
| Same | 20 | 26 | 9 | 1 | 56 |
| Worse | 3 | 4 | 5 | * | 12 |
| 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
OPINIONS ABOUT THE ADDED COST OF NEW CARS
(Percentage distribution)

| Opinions | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ | Families with incomes of $\$ 10,000$ or more |
| :---: | :---: | :---: |
| 1968 mode1s 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 <br> of 1968 models |  |  |
| 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
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
WHETHER SAFETY DEVICES ARE WORTH THE EXTRA MONEY
(Percentage distribution)

| Are safety devices worth <br> the extra cost? | All <br> families | Families with incomes <br> of $\$ 10,000$ or more |
| :--- | :---: | :---: |
| Yes | 58 | 62 |
| No | 18 | 21 |
| Don't know | $\underline{24}$ | $\frac{17}{100}$ |
| Total | 100 |  |

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.

## PART THREE OUTLOOK TABLES

CHANGE IN THE INDEX OF CONSUMER SENTIMENT IN THREE PERIODS


Change in the index of consumer sentiment in 1966 and 1967


1967 SUR VEY OF CONSUMER FINANCES

## TABLE III-1 (Sheet 1 of 2)

INDEX OF CONSUMER SENTIMENT ${ }^{\text {a }}$

| Date of study |  | All Eamilies ${ }^{\text {b }}$ | Familles with annual incomes of \$7,500 or more |
| :---: | :---: | :---: | :---: |
| 1952 | November-December | 86.2 |  |
| 1953 | January-February | 90.7 |  |
|  | September-October | 80.8 |  |
| 1954 | Jamuary-February | 82.0 |  |
|  | June | 82.9 |  |
|  | October | 87.0 |  |
| 1955 | June | 99.1 |  |
|  | October | 99.7 |  |
| 1956 | May | 98.2 |  |
|  | Augubr | 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 |
| 1960 | 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 |
|  | May | 95.4 | 97.9 |
|  | Augubt-September | 91.6 | 96.7 |
|  | November-December | 95.0 | 98.8 |

[^69]TABLE III-1 (Sheet 2 of 2)
INDEX OF CONSUMER SENTIMENT ${ }^{\text {a }}$

| Date of study |  | All families ${ }^{\text {b }}$ | Pamilies with annual incomes of $\$ 7,500$ or more ${ }^{\text {c }}$ |
| :---: | :---: | :---: | :---: |
| 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 |
|  | Augubt | 103.2 | 104.8 |
|  | November | 102.6 | 107.7 |
| 1966 | February | 99.8 | 102.9 |
|  | May | 95.8 | 98.9 |
|  | August | 91.1 | 92.4 |
|  | Noveaber-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 cable.

TABLE III-2
CHANGE IN FAMILLY INCOME OVER ONE YEAR
(Percentage distribution)

|  | Past income change ${ }^{\text {a }}$ |  |  | $\frac{\text { Expected i }}{\text { Iles }}$ |  | income change ${ }^{\text {b }}$ |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | All families |  |  |  |  |  |  |
|  | $\begin{aligned} & \text { Feb. } \\ & 1965 \end{aligned}$ | $\begin{aligned} & \text { Peb. } \\ & 1966 \end{aligned}$ | $\begin{aligned} & \text { Feb. } \\ & 1967 \end{aligned}$ |  |  | $\begin{aligned} & \text { Feb. } \\ & 1966 \end{aligned}$ | Feb. $1967$ | May - <br> June <br> 1967 | $\begin{aligned} & \text { Aug. } \\ & 1967 \end{aligned}$ |
| A lot higher | 15 | 16 | 14 | 43 | 10 | 9 | 48 |
| A little higher; higher | 33 | 39 | 34 | $\square$ | 31 | 33 | - |
| No change | 33 | 28 | 35 | 45 | 46 | 43 | 39 |
| A little lower; lower | 8 | 8 | 8 |  | 4 | 8 |  |
| A lot lower | 10 | 8 | B | 8 | 5 | 5 | 12 |
| Don't know; not ascertained | 1 | 1 | 1 | 4 | 4 | 2 | 1 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Families with incomes of $\$ 7,500$ or core
A lot higher
A little higher; higher
No change
A little lower; lower
A loc lower
Don't know; not escertained
Total

| 21 | 23 | 21 | $[51$ | 10 | 11 | $[63$ |
| ---: | ---: | ---: | ---: | ---: | ---: | ---: |
| 44 | 46 | 42 | 40 | 44 | $\square$ |  |
| 22 | 18 | 24 | 36 | 32 | 26 |  |
| 7 | 8 | 6 | $\boxed{9}$ | 5 | 9 | $[10$ |
| 5 | 5 | 6 | 5 | 4 | - |  |
| $\frac{1}{100}$ | $\frac{*}{100}$ | $\frac{1}{100}$ | $\frac{3}{100}$ | $\frac{4}{100}$ | $\frac{\pi}{100}$ | $\frac{1}{100}$ |

${ }^{*}$ Less than 0.5 percent.
${ }^{\text {a }}$ Income in the previous year as compared to income in the year before that. The questions asked in February 1967 were: 'Was your faraily'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)?"
b Income expected for the current year as compared to income in the previous year. The queations 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)?"

TABLE III-3
RELATION of past to expected income change
(In percent of families)

| Expected 1967 income compared to 1966 income | All families - February 1967 data |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | 1966 income compared to 1965 income |  |  | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ |
|  | iligher in 1966 | Same | Lower in 1966 |  |
| Higher in 1967 | 28 | 6 | 7 | 41 |
| Same | 16 | 25 | 5 | 46 |
| Lower in 1967 | 4 | 2 | 3 | 9 |
| All families | 48 | 33 | 15 | $96^{\text {a }}$ |
| All familiea - February 1966 data |  |  |  |  |
| Expected 1966 income compared to 1965 income | 1965 income compared to 1964 income |  |  | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ |
|  | Higher in 1965 | Same | Lower in 1965 |  |
| Higher in 1966 | 30 | 6 | 7 | 43 |
| Same | 19 | 20 | 5 | 44 |
| Lower in 1966 | 4 | 1 | 2 | 7 |
| All families | 53 | 27 | 14 | $94^{\text {a }}$ |


|  | February 1967 data - within income groupa |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Income in 1966 |  |  |  |  |
|  | Less than \$3,000 | $\begin{aligned} & \$ 3,000 \\ & -4,999 \end{aligned}$ | $\begin{aligned} & \$ 5,000 \\ & -7,499 \end{aligned}$ | $\begin{aligned} & \$ 7,500 \\ & -9,999 \end{aligned}$ | $\begin{aligned} & \$ 10,000 \\ & \text { or more } \end{aligned}$ |
| Higher in both 1966 and 1967 | 8 | 20 | 29 | 38 | 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 |
| Total | 100 | 100 | 100 | 100 | 100 |

[^70]TABLE III-4
CONSUMERS' EVALUATION OF THEIR FINANCIAL SITUATION AS COMPARED WITH A YEAR EARLIER
(Percentage distribution)

| Evaluation of financial situation | Feb. $1965$ | $\begin{aligned} & \text { Nov. } \\ & 1965 \end{aligned}$ | $\begin{aligned} & \text { Feb. } \\ & 1966 \end{aligned}$ | $\begin{aligned} & \text { May } \\ & 1966 \end{aligned}$ | Aug. 1966 | NovDec. 1966 | Feb. $1967$ | $\begin{aligned} & \text { May- } \\ & \text { June } \\ & 1967 \end{aligned}$ | $\begin{aligned} & \text { Aug. } \\ & 1967 \end{aligned}$ | $\begin{aligned} & \text { Nov. } \\ & 1967 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | All families |  |  |  |  |  |  |  |  |  |
| Better off | 37 | 38 | 38 | 34 | 32 | 35 | 34 | 34 | 35 | 34 |
| Same | 43 | 44 | 44 | 46 | 43 | 38 | 45 | 44 | 48 | 42 |
| Worse off | 19 | 17 | 17 | 19 | 24 | 25 | 19 | 21 | 16 | 23 |
| Uncertain | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Not ascertained | * | * | * | * | * | 1 | 1 | * | * | * |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |


| Better off | Families with income of \$7,500 or more |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 50 | 51 | 49 | 45 | 40 | 44 | 44 | 50 | 46 | 49 |
| Same | 38 | 39 | 39 | 41 | 39 | 33 | 42 | 36 | 41 | 34 |
| Worbe off | 12 | 10 | 10 | 13 | 19 | 21 | 13 | 14 | 12 | 16 |
| Uncertain | * | * | 1 | 1 | 1 | 1 | 1 | * | 1 | 1 |
| Not sscertained | * | * | 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?"

TABLE III-5
CHANGE CONSUMERS EXPECT IN THEIR FINANCLAL SITUATION
(Percentage distribution)

| Expected change in financial situation | $\begin{aligned} & \text { Feb. } \\ & 1965 \end{aligned}$ | $\begin{aligned} & \text { Nov. } \\ & 1965 \end{aligned}$ | Feb. 1966 | May <br> 1966 | Aug. 1966 | NovDec. 1966 | $\begin{aligned} & \text { Feb. } \\ & 1967 \end{aligned}$ | MayJune 1967 | $\begin{aligned} & \text { Aug. } \\ & 1967 \end{aligned}$ | $\begin{aligned} & \text { Nov. } \\ & 1967 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | All families |  |  |  |  |  |  |  |  |  |
| Better off | 39 | 40 | 38 | 32 | 33 | 31 | 35 | 38 | 34 | 35 |
| Same | 44 | 46 | 46 | 48 | 43 | 45 | 46 | 43 | 45 | 42 |
| Horse off | 1 | 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 | 100 | 100 | 100 | 100 | 100 | 100 |


|  | Families with income of $\$ 7,500$ or more |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 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 |

[^71]TABLE III-6

## PRICE EXPECTATIONS FOR NEXT YEAR

(Percentage diatribution)

| During the next year prices will: | $\begin{aligned} & \text { Feb. } \\ & 1965 \end{aligned}$ | Nov. $1965$ | Feb. 1966 | $\begin{aligned} & \text { May } \\ & 1966 \end{aligned}$ | $\begin{aligned} & \text { Aug. } \\ & 1966 \end{aligned}$ | NovDec. 1966 | Feb. 1967 | MayJune 1967 | Aug. <br> 1967 | $\begin{aligned} & \text { Nov. } \\ & 1967 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | A1 | 1 fami | lies |  |  |  |  |
| 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 |


|  | Families with income of $\$ 7,500$ or more |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 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 | 1 | * | 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 60 , or go down, or stay where they are now?"

TABLE III-7
REACTIONS TO PROSPECTIVE PRICE DEVELOPMENTS
(Percentage distribution)


| Feb. |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1965 | Nov. | Feb. | May |

To the good
Makes no difference
Pro-con; depends
To the bad

| 27 | 30 | 17 | 20 | 11 | 15 | 18 | 15 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 7 | 6 | 5 | 4 | 2 | 2 | 3 | 4 |
| 10 | 12 | 12 | 7 | 7 | 7 | 7 | 10 |
| 44 | 44 | 58 | 62 | 72 | 68 | 66 | 63 |
| 7 | 7 | 5 | 6 | 7 | 8 | 5 | 6 |
| 5 | 1 | 3 | 1 | 1 | * | 1 | 2 |
| 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 pricea, unchanged prices, falling prices) would be good, or bad, or what?"

## TABLE III-8

EXTENT OR INCREASES IN PRICES EXPECTRD DURING THE NEXT TWELVE MONTHS (Percentage diatribution)

| Prices will go up in next 12 months by: | $\begin{aligned} & \text { Nlay } \\ & 1966 \end{aligned}$ | Aug. 1966 | Feb. $1967$ | $\begin{aligned} & \text { Aug. } \\ & 1967 \end{aligned}$ | 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 much prices will increase | 8 | 7 | 5 | 5 | 7 |
| Prices will not go up | 21 | 13 | 17 | 13 | 10 |
| Total | 100 | 100 | 100 | 100 | 100 |
|  | Familie | with | income | \$7,500 | r 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 much prices will increase | 5 | 5 | 2 | 4 | 4 |
| Prices will not go up | 15 | 8 | 14 | 6 | 6 |
| Total | 100 | 100 | 100 | 100 | 100 |

The queation agked was "How large a price increase do you expect? Of course nobody can know for aure, 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 expecced higher prices during the next year. See Table III-6.)

## TABLE III~9

EXPECTED INCOME INCREASES IN RELATION TO EXPECTED PRICE INCREASES
(Percentage distribution)

| Expectations about income change and price increases in the next year | $\begin{gathered} \text { All } \\ \text { families } \end{gathered}$ |  | November 1967 data <br> within 1967 income groups |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & \text { Aug, } \\ & 1967 \end{aligned}$ | $\begin{aligned} & \text { Nov. } \\ & 1967 \end{aligned}$ | $\begin{aligned} & \text { Less than } \\ & \$ 3,000 \end{aligned}$ | $\begin{array}{r} \$ 3,000 \\ -4,999 \end{array}$ | $\begin{aligned} & \$ 5,000 \\ & -7,499 \end{aligned}$ | $\begin{aligned} & \$ 7,500 \\ & -9,999 \\ & \hline \end{aligned}$ | $\begin{aligned} & \$ 10,000 \\ & \text { or more } \end{aligned}$ |
| Income will not go up | 52 | 55 | 76 | 61 | 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 reapondents who expected their 1968 income to be higher chan their 1967 income; in August of those who expected their 1967 income to be higher than their 1966 income.)

TABLE III-10
CONSUMERS' RESPONSE TO INPLATION
(Percentage distribution)

| What one can do to safeguard against price increasea | $\begin{gathered} \text { All } \\ \text { famılien } \end{gathered}$ |  | November 1967 data <br> within 1967 income groups |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Nov. $1966$ | Nov. $1967$ | Less than $\$ 3,000$ | $\begin{aligned} & \$ 3,000 \\ & -4,999 \end{aligned}$ | $\begin{aligned} & \$ 5,000 \\ & -7,499 \end{aligned}$ | $\begin{array}{r} \$ 7,500 \\ -9,999 \end{array}$ | $\begin{aligned} & \$ 10,000 \\ & \text { or more } \end{aligned}$ |
| Can't do anything | 49 | 57 | 69 | 62 | 61 | 50 | 46 |
| ```Can do something, such ea:``` | 40 | 37 | 21 | 31 | 33 | 46 | 53 |
| Buy in advance of incresae | 2 | 2 | 2 | 1 | 2 | 1 | 4 |
| Invest in gtocks 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; aelect 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 escertained | 11 | 6 | 10 | 7 | 6 | 4 | 1 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

*Legs 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?"

TABLE III-11
BUSINESS CONDITIONS EXPECTED DURING NEXT TWELVE, MANTHS
(Percentage distribution)

| Expected business conditions | Feb. 1965 | Nov. 1965 | Feb. <br> 1966 | $\begin{aligned} & \text { May } \\ & 1966 \\ & \hline \end{aligned}$ | $\begin{aligned} & \text { Aug. } \\ & 1966 \end{aligned}$ | Nov- <br> Dec. <br> 1966 | Feb, 1967 | MayJune 1967 | $\begin{aligned} & \text { Aug. } \\ & 1967 \\ & \hline \end{aligned}$ | Nov. $1967$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | A11 | famil | 1ies |  |  |  |  |
| 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 | 16 | 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 othera | 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 | 1 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

${ }^{*}$ Less than 0.5 percent.
The question asked was "Now turning to busineas 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 III-12
buSiness Conditions Expected during the next five years (Percentage distribution)

| Expected businesa conditions | Feb. $1965$ | Nov. 1965 | $\begin{aligned} & \text { Feb. } \\ & 1966 \end{aligned}$ | $\begin{aligned} & \text { May } \\ & 1966 \end{aligned}$ | $\begin{aligned} & \text { Aug. } \\ & 1966 \end{aligned}$ | NovDec. <br> 1966 | Feb. $1967$ | MayJune 1967 | $\begin{aligned} & \text { Aug. } \\ & 1967 \end{aligned}$ | Nov. $1967$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | All families |  |  |  |  |  |  |  |  |  |
| 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 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |


| Good times | Families with income of \$7,500 or more |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 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 | 8 | 6 | 7 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

The questions asked were "Looking ahead, 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 wideapread unemployment or depression, or what? (If don't know) On what does it depend in your opinion?"

TABLE III-I3
CURRENT BUSINESS CONDITIONS IN COMPARISON TO THOSE A YEAR AGO (Percentage distribution)

| Bualness conditions now compared to a year ago | $\begin{aligned} & \text { Feb. } \\ & 1965 \end{aligned}$ | $\begin{aligned} & \text { Nov. } \\ & 1965 \end{aligned}$ | Feb. 1966 | $\begin{aligned} & \text { May } \\ & 1966 \end{aligned}$ | $\begin{aligned} & \text { Aug. } \\ & 1966 \end{aligned}$ | NovDec. 1966 | $\begin{aligned} & \text { Feb. } \\ & 1967 \end{aligned}$ | MayJune 1967 | $\begin{aligned} & \text { Aug. } \\ & 1967 \end{aligned}$ | $\begin{aligned} & \text { Nov. } \\ & 1967 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Al1 | 1 fami | 1ies |  |  |  |  |
| 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 | 100 | 100 | 100 | 100 |
|  | Families with income of $\$ 7,500$ or wore |  |  |  |  |  |  |  |  |  |
| 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 |
| Total | 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?"

TABLE III-I4

## EXPECTED BUSINESS CONDITIONS A YRAR FROM NOW AS COMPARED WITH THE PRESENT <br> (Percentage distribution)

| Expected business conditions a year from now | $\begin{aligned} & \text { Feb. } \\ & 1965 \end{aligned}$ | $\begin{aligned} & \text { Nov. } \\ & 1965 \end{aligned}$ | Feb. $1966$ | $\begin{aligned} & \text { May } \\ & 1966 \end{aligned}$ | Aug. <br> 1966 | NovDec. 1966 | Feb. <br> 1967 | May- <br> June <br> 1967 | Aug. | $\begin{aligned} & \text { Nov. } \\ & 1967 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | A11 families |  |  |  |  |  |  |  |  |  |
| Better in a year | 33 | 36 | 29 | 19 | 23 | 17 | 21 | 26 | 21 | 25 |
| About the same | 55 | 53 | 54 | 63 | 54 | 60 | 59 | 55 | 61 | 56 |
| Worse in a year | 7 | 6 | 8 | 12 | 14 | 12 | 12 | 10 | 10 | 12 |
| Not ascertained, don't know | 5 | 5 | 9 | 6 | 9 | 11 | 8 | 9 | 8 | 7 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
|  | Families with income of $\$ 7,500$ or 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 aaked 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?"

TABLE III-15

```
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS
    (Percentage distribution)
```

| News heard | $\begin{aligned} & \text { Feb. } \\ & 1965 \end{aligned}$ | $\begin{aligned} & \text { Nov. } \\ & 1965 \end{aligned}$ | Feb. <br> 1966 | $\begin{aligned} & \text { May } \\ & 1966 \end{aligned}$ | $\begin{aligned} & \text { Aug. } \\ & 61966 \end{aligned}$ | NovDec. 1966 | Feb. 1967 | $\begin{aligned} & \text { May- } \\ & \text { June } \\ & 1967 \end{aligned}$ | $\begin{aligned} & \text { Aug. } \\ & 1967 \end{aligned}$ | $\begin{aligned} & \text { Nov. } \\ & 1967 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | All families |  |  |  |  |  |  |  |  |  |
| 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 |
|  | $\begin{aligned} & \text { Aug. } \\ & 1966 \end{aligned}$ |  | NovDec. 1966 |  | $\begin{aligned} & 8 e b . \\ & 1967 \end{aligned}$ | MayJune 1967 |  | $\begin{aligned} & \text { Aug. } \\ & 1967 \end{aligned}$ | $\begin{aligned} & \text { Nov } \\ & 196 \end{aligned}$ |  |
|  | Families with income of \$5,000-7,499 |  |  |  |  |  |  |  |  |  |
| 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 |  |


|  | Families with income of \$7,500-9,999 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 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 |
|  | Familiea 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 monthe? What did you hear?"

Note: Totals add to more than 100 percent because some people mentioned two types of news heard.

## TABLE III-16

OPINIONS REGARDING EFFECTS OF THE INTERNATIONAL SITUATION ON BUSINESS CONDITIONS
(Percentage distribution)

| The international situation makes for: | $\begin{aligned} & \text { Feb } \\ & 1965 \end{aligned}$ | $\begin{aligned} & \text { Aug. } \\ & 1965 \end{aligned}$ | Nov. $1965$ | Feb. <br> 1966 | Aug. 1966 | Nov- <br> Dec. <br> 1966 | Feb. 1967 | May- <br> June <br> 1967 | $\begin{aligned} & \text { Aug. } \\ & 1967 \end{aligned}$ | $\begin{aligned} & \text { Nov. } \\ & 1967 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Al1 | fami | lies |  |  |  |  |
| 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 | 12 | 11 | 6 | 5 | 7 | 4 | 5 | 5 | 5 |
| Don't know; not ascertained; depends | 23 | 18 | 12 | 13 | 12 | 15 | 9 | 9 | 12 | 10 |
| Tocal | 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 aacertained; 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 "Speakjng now sbout 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 busineas conditions here at home? (Do you think they make for good times or bad times, or what?)"

[^72]
## TABLE III-17

OPINIONS ABOUT RECURRENCE AND TIMING OF A RECESSION
(Percentage distribution)

| Opinions about recurrence | $\begin{aligned} & \text { Feb. } \\ & 1965 \end{aligned}$ | Aug. $1965$ | Nov. 1965 | Aug. <br> 1966 | NovDec. 1966 | Feb, 1967 | MayJune 1967 | Nov. 1967 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | 1 fam | ilies |  |  |  |
| Receasion 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 agein | 41 | 50 | 46 | 38 | 31 | 36 | 35 | 35 |
| Don't know, depends | 15 | 17 | 13 | 12 | 20 | 15 | 16 | 13 |
| Not ascertained | 2 | 1 | 2 | 2 | 1 | 1 | 2 | 1 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Recession likely to happen again
Recession might happen again
Recession not likely to happen again
Don't know; depends; not ascertained
Total


[^73]TABLE III-18
EXPECTED CHANGES IN UNEMPLOYMENT
(Percentage distribution)

| During the next 12 months unemp loyment will: | Feb. <br> 1965 | Feb. <br> 1966 | May <br> 1966 | Aug. <br> 1966 | Nov. $1966$ | $\begin{aligned} & \text { Feb. } \\ & 1967 \end{aligned}$ | 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 |  | 5 | 6 | 9 | 5 | 4 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
|  | Families 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 coaing 12 months - do you think that there will be more unemployment than now, about the same, or less?"

TABLE III-19
EXPECTED COURSE OF INTEREST RATES
(Percentage distribution)

| During the next 12 months interest rates will: | $\begin{gathered} \text { Nov-Dec. } \\ 1966 \end{gathered}$ | $\begin{gathered} \text { May-June } \\ 1967 \\ \hline \end{gathered}$ | August |
| :---: | :---: | :---: | :---: |
|  | 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 |
| Total | 100 | 100 | 100 |


|  | Families with | income of $\$ 7,500$ or more |  |
| :--- | :---: | :---: | :---: |
| Increase | 23 | 30 | 30 |
| Stay the aame | 41 | 36 | 50 |
| Decrease | 10 | 24 | 7 |
| No opinion | 25 | 9 | 12 |
| Not ascertained | $\frac{1}{100}$ | $\frac{1}{100}$ | $\frac{1}{100}$ |
| Total |  |  |  |

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?"
bUYing conditions for large household durables, cars, and houses

| Opinion about buying conditions | Nov. $1965$ | $\begin{aligned} & \text { Feb. } \\ & 1966 \end{aligned}$ | $\begin{aligned} & \text { May } \\ & 1966 \end{aligned}$ | $\begin{aligned} & \text { Aug. } \\ & 1966 \end{aligned}$ | Nov- <br> Dec. <br> 1966 | Feb. 1967 | $\begin{aligned} & \text { May- } \\ & \text { June } \\ & 1967 \end{aligned}$ | $\begin{aligned} & \text { Aug. } \\ & 1967 \end{aligned}$ | $\begin{aligned} & \text { Nov. } \\ & 1967 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| . |  |  |  | A11 | famili |  |  |  |  |
| Large household durables |  |  |  |  |  |  |  |  |  |
| Good time to buy | 55 | 56 | 54 | 49 | 35 | 43 | 51 | 58 | 55 |
| Uncertazn; 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 |
| Cats |  |  |  |  |  |  |  |  |  |
| Good time to buy | 51 | a | 51 | 42 | 23 | a | 44 | 45 | 40 |
| Uncertain; depends | 39 | a | 30 | 37 | 51 | a | 34 | 30 | 30 |
| Bad time to buy | 10 | a | 19 | 21 | 26 | a | 22 | 25 | 30 |
| Total | 100 |  | 100 | 100 | 100 |  | 100 | 100 | 100 |
| Houses |  |  |  |  |  |  |  |  |  |
| Good time to buy | 51 | a | a | 37 | 22 | a | 42 | 49 | 49 |
| Uncertain; depends | 30 | A | a | 24 | 29 | a | 31 | 29 | 24 |
| Bad time to buy | 19 | A | a | 39 | 49 | a | 27 | 22 | 27 |
| Total | 100 |  |  | 100 | 100 |  | 100 | 100 | 100 |

Families with income of $\$ 7,500$ or more
Large household durables
Good time to buy

Cars
Good time to buy
Bad time to buy
Houses

| Good time to buy | 63 | a | a | 39 | 22 | a | 49 | 55 | 54 |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Bad time to buy | 16 | a | a | 46 | 54 | a | 25 | 21 | 27 |

${ }^{\text {a }}$ Not 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 a bad time to buy a house?"

TABLE III-21
selected rrasons for opinions about market conditions (In percent)

| Reasons for evaluation of market conditions for: | $\begin{aligned} & \text { Feb. } \\ & 1965 \end{aligned}$ | Nov. $1965$ | $\begin{aligned} & \text { Ang. } \\ & 1966 \end{aligned}$ | NovDec. 1966 | Feb. 1967 | MayJune 1967 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Large household durables |  |  |  |  |  |  |
| Good time to buy because |  |  |  |  |  |  |
| Prices are low; good buya 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; timea 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 | 7 | 2 |
| Cars |  |  |  |  |  |  |
| Good time to buy because |  |  |  |  |  |  |
| Prices are low; good buye available | 17 | 20 | 12 | 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 | $a$ | 8 |
| New features; good quality, (selection) supply | 7 | 6 | 4 | 3 | a | 6 |
| Safety; new models are safer | a | a | 1 | 1 | a | 4 |
| Bad time to buy because |  |  |  |  |  |  |
| Prices are high; going up; may fall later | 9 | 9 | 15 | 20 | a | 16 |
| Credit is tight; intereat rates high | * | * | 4 | 6 | - | 1 |
| Safety; later models will be safer | a | * | 2 | 2 | a | 4 |
| Houses |  |  |  |  |  |  |
| Good time to buy because |  |  |  |  |  |  |
| Prices are low; good buyg available | 16 | 14 | 10 | 8 | a | 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 | a | 4 |
| ```New features; good quality, (selection) gupply``` | 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 | a | 13 |

[^74]TABLE III-22
INTENTIONS TO BUY CARS DURING NEXT TWELUE MONTHS (Percentage of fanilies)

| 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 |
| May |  |  |  |
| 1961 | 16.4 | 8.9 | 7.5 |
| 1962 | 17.4 | 9.7 | 7.7 |
| 1963 | 16.9 | 9.5 | 7.4 |
| 1964 | 17.4 | 9.8 | 7.6 |
| 1966 | 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 |

## 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" apporcioned 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" colum.
Due to increase in the population, the base rises by spproximately 2 percent from one year to the next.

## TABLE III-23

intentions to purchase ${ }^{\text {a }}$
(In percent of all families)

|  | $\begin{gathered} \text { February } \\ 1965 \end{gathered}$ | $\begin{gathered} \text { February } \\ 1966 \end{gathered}$ | $\begin{aligned} & \text { May } \\ & 1966 \end{aligned}$ | $\begin{gathered} \text { August } \\ 1966 \end{gathered}$ | $\begin{aligned} & \text { November- } \\ & \text { December } \\ & 1966 \end{aligned}$ | $\begin{gathered} \text { February } \\ 1967 \end{gathered}$ | MayJune 1967 | $\begin{gathered} \text { August } \\ 1967 \end{gathered}$ | $\begin{gathered} \text { Noveaber } \\ 1967 \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Houses | 8.2 | 8.2 | b | 9.0 | 5.5 | 7.2 | 7.3 | 6.4 | 7.5 |
| Home improvements and maintenance | 27.8 | 27.8 | b | 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 |

${ }^{\text {a }}$ Families who reported that they would, probably wouid, or might buy in the next 12 months.
${ }^{\mathrm{b}}$ Noc available.

## TABLE III-24

RELATION OF INTENTIONS TO BUY TO OPINIONS ABOUT BUYING•CONDITIONS (Percentage distribution)

| - | NovDec. 1966 | $\begin{aligned} & \text { Nov. } \\ & 1967 \end{aligned}$ | NovDec. 1966 | $\begin{aligned} & 1 \\ & \text { Nov. } \\ & 1967 \end{aligned}$ | NovDec. <br> 1966 | $\begin{aligned} & \text { Nov. } \\ & 1967 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Large household durables |  |  |  |  |  |
| Intentions to buy large household durables ${ }^{\text {a }}$ | $\begin{gathered} \text { Good } \\ \text { to } \end{gathered}$ | time buy |  | con; | $\begin{array}{r} \text { Bad } \\ \text { to } \\ \hline \end{array}$ | 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 |


| Intentions to buy cars | Good time to buy |  | Pro-con; uncertain |  | Bad time <br> to buy |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| W111 (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 |

*Less than 0.5 percent.
${ }^{a_{A t}}$ least one item.

## PART FOUR

## METHODOLOGY

## 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 inter view.

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

[^75]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 falsifica-tion-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 or from the interrelationship of answers to several questions. Reporting errors are minimized when comparisons are made between answers to identical questions obtained in successive surveys making use of the same methods; there is reason to assume that reporting errors have the same direction and similar magnitudes under these circumstances.

```
TABLE 14-1 (Sheet l of 2)
```

INDEX OF CONSUMER SENTIMENT WITHIN VARIOUS POPULATION GROUPS

|  | Percent of all families | Median <br> 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 citiea of 12 <br> largest PSU'日 <br> $13 \quad 7,190$ $88.8$ |  |  |  |
| 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 |

[^76]TABLE 14-1 (Sheet 2 of 2)
IMDEX OF CONSUMER SENTIMENT WITHIN VARIOUS POPULATION GROUPS

|  | Percent of all families | Median <br> 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 ${ }^{\text {b }}$ | 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 | 32 | 5,520 | 90.7 |
| West | 16 | 7,340 | 91.3 |

[^77]TABLE 14-2
APPROXIMATE SAMPLING ERRORS ${ }^{\text {a }}$ OF SURVEY FINDINGS (In percentages by size of sample or subgroup)

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

${ }^{a}$ The figures in chis table represent two tandard errors. Hence, for most iteme 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
APPROXIMATE SAMPLING ERRORS ${ }^{\text {a }}$ OF DIfFRRENCES
(In percentages)

| Size of group | Size of group |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 3,000 | $\underline{2,000}$ | 1,400 | 1,000 | 700 | 500 | 200 |
|  | For percentages from 35 percent to 65 percent |  |  |  |  |  |  |
| 3,000 | 3.5 | 3.7 | 4.0 | 4.4 | 4.9 | 5.5 | 7.9 |
| 2,000 |  | 3.9 | 4.2 | 4.6 | 5.0 | 5.6 | 8.0 |
| 1,400 |  |  | 4.5 | 4.8 | 5.3 | 5.8 | 8.1 |
| 1,000 |  |  |  | 5.1 | 5.5 | 6.1 | 8.3 |
| 700 |  |  |  |  | 5.9 | 6.4 | 8.6 |
| 500 |  |  |  |  |  | 6.9 | 8.9 |
| 200 |  |  |  |  |  |  | 11.0 |

For percentages around 20 percent and 80 percent

| 3,000 | 2.8 | 3.0 | 3.2 | 3.5 | 3.9 | 4.4 | 6.3 |
| ---: | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| 2,000 |  | 3.2 | 3.4 | 3.7 | 4.0 | 4.5 | 6.4 |
| 1,400 |  |  | 3.6 | 3.8 | 4.2 | 4.7 | 6.5 |
| 1,000 |  |  |  | 4.1 | 4.4 | 4.9 | 6.7 |
| 700 |  |  |  |  | 4.8 | 5.2 | 6.9 |
| 500 |  |  |  |  |  | 5.5 | 7.2 |
| 200 |  |  |  |  |  |  | $\mathbf{8 . 5}$ |

For percentages around 10 percent and 90 percent

| 3,000 | 2.1 | 2.2 | 2.4 | 2.6 | 2.9 | 3.3 | 4.7 |
| ---: | :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| 2,000 |  | 2.4 | 2.5 | 2.7 | 3.0 | 3.4 | 4.8 |
| 1,400 |  |  | 2.7 | 2.9 | 3.2 | 3.5 | 4.9 |
| 1,000 |  |  |  | 3.1 | 3.3 | 3.6 | 5.0 |
| 700 |  |  |  |  | 3.6 | 3.9 | 5.2 |
| 500 |  |  |  |  |  | 4.1 | 5.4 |
| 200 |  |  |  |  |  |  | 6.4 |

For percentages around 5 percent and 95 percent
3,000
2,000
1,400
1,000
700
500
$\begin{array}{lllllll}1.6 & 1.7 & 1.8 & 2.0 & 2.2 & 2.5 & 3.6\end{array}$
$\begin{array}{llllll}1.8 & 1.9 & 2.0 & 2.3 & 2.5 & 3.6\end{array}$ $\begin{array}{lllll}2.0 & 2.2 & 2.4 & 2.6 & 3.7\end{array}$
$\begin{array}{llll}2.2 & 2.4 & 2.6 & 3.7 \\ 2.3 & 2.5 & 2.7 & 3.8\end{array}$

200
3.14 .0
4.8

[^78]TABLE 14~4
NUMBER OF FAMILIES IN SPECIFIED GROUPS
(Eebruary 1967 survey)

| Group characteriatic | Number of Eamilies | $\begin{gathered} \text { Group } \\ \text { characteristic } \end{gathered}$ | Number of families |
| :---: | :---: | :---: | :---: |
| All families | 3,726 |  |  |
| 1966 family income |  | Occupation of family head |  |
| Less than $\$ 1,000$ | 115 | Profesaional 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 | Miscel Laneour | 230 |
|  |  | Retired | 736 |
| Life cycle stage of family head |  | Age of family head |  |
| Under age 45 |  | Under age 25 | 248 |
| Unmarried | 228 | 25-34 | 663 |
| Married, no children | 188 | 35-44 | 712 |
| Married, youngest child under age 6 | 735 | 45-54 | 727 |
|  |  | 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 schaol | 692 |
| Unmarried, head retired | 360 | High school | 632 |
| Married, no children head in labor force | 594 | Completed high school plus other noncollege training | $\text { g } \quad 398$ |
| Married, no children head retired | 364 | Some college | 437 |
| Married, has children | 447 | College degree <br> (Bachelor's) | 317 |
| Any age |  | College degree <br> (advanced or professiona1) | 1) 146 |
| Unosarried, has children | 188 |  |  |

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 hougewives 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


## TABLE 14-6

STANDARD ERRORS OF THE INDEX OF CONSUMER SENTIMENT AND ITS FIVE COMPONENTS

|  | Standard error of |  |
| :---: | :---: | :---: |
|  | Value | Change |
| Index of Consumer Sentiment | 1.2 | 1.3 |
|  | Relative score | $\begin{gathered} \text { Change of } \\ \text { relative score }{ }^{s} \\ \hline \end{gathered}$ |
| 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 yearg | 2.4 | 2.5 |
| Good or bad time to buy large household goods | 2.7 | 3.1 |
| Intentiona to buy automobile during the next 12 months | 1.9 | 2.4 |

[^79]
## 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 |  |  |  | Family units |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Average | $\begin{aligned} & \text { Average } \\ & 1956-58 \end{aligned}$ | Average $1959-61$ | 1963 | 1963 | 1965 | 1966 | 1967 |
| Education of family head |  |  |  |  |  |  |  |  |
| $0-5 \text { grades }$ | 43 | 35 | 32 | 30 | 31 | 8 | 8 | 7 |
| $6-8$ grades $9-11$ grades |  |  |  | 20 | 21 | 19 | 21 18 | 22 19 |
| 12 grades | 40 | 45 | 45 | 26 | 24 | 16 | 16 | 17 |
| 12 grades and noncollege traiming |  |  |  |  |  | 12 | 11 | 11 |
| Some college |  |  |  | 12 | 12 | 12 | 14 | 12 |
| College degree | 17 | 20 | 23 | 12 | 12 | 8 | 7 | 8 |
| Advanced degree |  | - | - | 12 |  | 4 | 5 | 4 |
| Totel | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Occupation of family head |  |  |  |  |  |  |  |  |
| Professional, technical | 7 | 8 | 10 | 10 | 10 | 10 | 11 | 10 |
| Self-employed | 7 | 7 | 7 | 6 | 6 | 6 | 6 | 6 |
| Manegers, officials | 5 | 5 | 5 | 5 | 6 | 9 | 7 | 6 |
| Clerical, sales | 13 | 12 | 12 | 11 | 10 | 10 | 9 | 9 |
| Foremen, craftsmen | 29 | 14 | 12 | 13 | 14 | 15 | 14 | 14 |
| Semi-skilled, operatives | 29 | 14 | 14 | 14 | 15 | 12 | 14 | 15 |
| Laborers, service workers | 12 | 12 | 10 | 11 | 12 | 12 | 10 | 10 |
| Farmers | 9 | 6 | 5 | 3 | 4 | 4 | 3 | 4 |
| Miscellaneous | 7 | 5 | 4 | 5 | 5 | 5 | 6 | 6 |
| Retired | 7 | 11 | 14 | 17 | 18 | 17 | 20 | 20 |
| Unemployed | 4 | 6 | 7 | 5 | a | a | a | a |
| Tocal | 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 |

[^80]AGE, RACE, AND LIFE CYCLE STAGE OF FAMILY HEAD (Percentage distribution)

|  | Spending units |  |  |  | Family units |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Average $1950-52$ | $\begin{aligned} & \text { Average } \\ & 1956-58 \end{aligned}$ | $\begin{aligned} & \text { Average } \\ & 1959-61 \end{aligned}$ | 1963 | $\underline{1963}$ | 1965 | $\underline{1966}$ | 1967 |
| Age of family head |  |  |  |  |  |  |  |  |
| Under age 25 | 9 | 9 | 8 | 11 | ${ }^{7}$ | 9 | ${ }^{7}$ | 7 |
| 25-34 | 23 | 21 | 21 | 18 | 18 | 18 | 18 | 18 |
| 35-44 | 22 | 23 | 22 | 21 | 22 | 20 | 19 | 19 |
| 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 | 19 | 21 |
| Total | 100 | 100 | 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 | $\underline{1}$ | 1 | 2 | 3 | $\frac{1}{100}$ | 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 |  | 6 | 6 | 6 |
| Married, no children | 8 | 7 | 6 | 5 | 6 | 6 | 6 | 5 |
| Married, youngest child under age 6 | 31 | 23 | 23 | 21 | 22 | 22 | 20 | 20 |
| Married, youngest child 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 15-3
REGION, LOCATION, AND SIZE OF PLACE
(Percentage distribution of family units)

| Region | $\underline{1963}$ | $\underline{1964}$ | $\underline{1965}$ | $\underline{1966}$ | $\underline{1967}$ |
| :--- | :---: | :---: | :---: | :---: | :---: |
| $\quad$ Northeast | 22 | 23 | 23 | 24 | 23 |
| North Central | 28 | 29 | 29 | 29 | 30 |
| South | 35 | 31 | 32 | 29 | 31 |
| $\quad$ West | $\frac{15}{100}$ | $\frac{17}{100}$ | $\frac{16}{100}$ | $\frac{18}{100}$ | $\frac{16}{100}$ |
| Total |  |  |  |  |  |

Location (1960
census classification)

| Central cities of 12 <br> largest SMSA's | 13 | 14 | 13 | 13 | 13 |
| :--- | :---: | :---: | :---: | :---: | :---: |
| Cencral cities of other <br> SMSA's | 23 | 19 | 18 | 17 | 17 |
| Suburban areas of 12 <br> Iargest SMSA's | 15 | 13 | 14 | 15 | 14 |
| Suburban areas of other <br> SMSA's | 15 | 16 | 16 | 15 | 16 |
| Adjacent areas of SHSA's | 16 | 17 | 18 | 19 | 19 |
| Outlying areas of SMSA's | 18 | $\frac{21}{100}$ | $\frac{21}{100}$ | $\frac{21}{100}$ | $\frac{21}{100}$ |
| tal | 100 | 100 | 10 |  |  |

Size of place of residence ( 1960 census clasaification)

Central citieg of 12 largest SMSA's

| 13 | 14 | 13 | 13 | 13 |
| ---: | ---: | ---: | ---: | ---: |
| 24 | 23 | 22 | 21 | 21 |
| 17 | 15 | 16 | 17 | 17 |
| 18 | 18 | 20 | 20 | 21 |
| 11 | 6 | 6 | 6 | 5 |
| $\frac{17}{100}$ | $\frac{24}{100}$ | $\underline{23}$ | $\frac{23}{100}$ | $\frac{23}{100}$ |
| 100 |  |  |  |  |

TABLE 15-4 (Sheet 1 of 3)
EdUCATYON OP family head by race, age, occupation, stage in family life cycle, and region - 1967
(Percentage distribution of family unita)

|  | Education of Eamily head |  |  |  |  |  |  |  | Total |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} 0-5 \\ \text { grades } \\ \hline \end{gathered}$ | $\begin{gathered} 6-8 \\ \text { grades } \\ \hline \end{gathered}$ | $\begin{gathered} 9-11 \\ \text { grades } \\ \hline \end{gathered}$ | $\begin{gathered} 12 \\ \text { grades } \\ \hline \end{gathered}$ | 12 grades plus noncollege training | $\begin{gathered} \text { Some } \\ \text { college } \end{gathered}$ | $\begin{aligned} & \text { College } \\ & \text { degree } \end{aligned}$ | Advanced degree |  |
| All families | 7 | 22 | 19 | 17 | 11 | 12 | 8 | 4 | 100 |
| Race of family head |  |  |  |  |  |  |  |  |  |
| White | 5 | 21 | 19 | 18 | 11 | 13 | 9 | 4 | 100 |
| Negro | 24 | 23 | 23 | 12 | 8 | 6 | 3 | 1 | 100 |
| Age of family head |  |  |  |  |  |  |  |  |  |
| Under age 25 | 1 | 3 | 18 | 25 | 12 | 27 | 13 | 1 | 100 |
| 25-34 | 2 | 7 | 21 | 24 | 15 | 15 | 10 | 6 | 100 |
| 35-44 | 3 | 15 | 21 | 18 | 12 | 14 | 11 | 6 | 100 |
| 45-54 | 6 | 21 | 21 | 18 | 12 | 11 | 8 | 3 | 100 |
| 55-64 | 10 | 32 | 15 | 16 | 8 | 8 | 8 | 3 | 100 |
| Age 65 or older | 17 | 39 | 16 | 8 | 6 | 6 | 5 | 3 | 100 |
| Occupation of family head |  |  |  |  |  |  |  |  |  |
| Profesaional, technical | * | 2 | 2 | 5 | 11 | 16 | 36 | 28 | 100 |
| Managers, officials | 1 | 6 | 8 | 16 | 13 | 28 | 25 |  | 100 |
| Self-employed | 5 | 20 | 18 | 19 | 11 | 19 | 6 | 2 | 100 |
| Clerical, sales | * | 9 | 11 | 29 | 20 | 21 | 8 | 2 | 100 |
| Craftsmen, foremen | 4 | 19 | 27 | 21 | 16 | 12 | 1 | * | 100 |
| Operatives | 6 | 27 | 25 | 25 | 9 | 7 | 1 | * | 100 |
| Laborers, aervice workers | 13 | 27 | 29 | 19 | 8 | 2 | 2 | * | 100 |
| Farmer | 9 | 35 | 22 | 18 | 7 | 6 | 3 | * | 100 |
| Miscellaneous | 4 | 11 | 20 | 13 | 11 | 20 | 18 | 3 | 100 |
| Retired | 19 | 39 | 17 | 9 | 5 | 6 | 3 | 2 | 100 |

*Less than 0.5 percent.

TABLE 15-4 (Sheet 2 of 2)
EDUCATION OF FAMLLY hEAD BY RACE, AGE, OCCUPATION, STAGB IN FAMILY LIFE CYCLE, AND REGION - 1967
(Percentage distribution of family units)

|  | Education of family head |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & 0-5 \\ & \text { grades } \end{aligned}$ | $\begin{aligned} & 6-8 \\ & \text { gradea } \end{aligned}$ | $\begin{gathered} 9-11 \\ \text { grades } \end{gathered}$ | $\begin{gathered} 12 \\ \text { grades } \end{gathered}$ | 12 grades plus noncollege training | $\begin{aligned} & \text { Some } \\ & \text { college } \end{aligned}$ | College degree | Advanced degree | Total |
| Life cycle stage of family head Under age 45 |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Unmarried, no children | 3 | 6 | 13 | 20 | 13 | 21 | 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, youngeat 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 | 16 | 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 |
| Region |  |  |  |  |  |  |  |  |  |
| 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 |

TABLE 15-5
race, age, and number of people in family unit by region - 1967

|  |  |  |  |  |  |
| :--- | :---: | :---: | :---: | :---: | :---: |
| Race of family head | Northeast | North Central | South | West | families |

TABLE 15-6 (Sheet 1 of 2)
race, mducation, age, and housing status by location - 1967
(Percencage distribution of family unita)

|  | Central cities of 12 Largest SMSA' 6 | Central cities of other SMSA' | Suburbs of 12 <br> largest SMSA's | Other suburbs of SMSA ${ }^{1}$ s | $\begin{aligned} & \text { Adjacent } \\ & \text { greag } \\ & \text { of SMSA's } \end{aligned}$ | $\begin{aligned} & \text { Outlying } \\ & \text { arean } \\ & \text { of SMSA's } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 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 |
| 12 grades plus non-college training | 11 | 13 | 11 | 13 | 11 | 7 |
| Some college | 9 | 15 | 16 | 14 | 8 | 10 |
| College degree | 7 | 10 | 12 | 8 | 7. | 7 |
| Advanced degree | 5 | 4 | 6 | 5 | 2 | 3 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |

## Table 15-6 (Sheet 2 of 2)

RACE, EDUCATION, AGE, AND hOUSING STATUS By LOCATION - 1967

| (Percentage diatribution of family units) |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Central cities of 12 largest SMSA's | Central cities of other SMSA's | Suburbs of 12 <br> largest SMSA'a | Other suburbs of SMSA's | Adjacent areas of SMSA's | $\begin{aligned} & \text { Outlying } \\ & \text { areas } \\ & \text { of SMSA'. } \end{aligned}$ |
| Age of family head |  |  |  |  |  |  |
| 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 seatus |  |  |  |  |  |  |
| Owns home | 30 | 51 | 70 | 74 | 69 | 66 |
| Owns craller | * | 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 |

[^81]
## 16

## QUESTIONNAIRE

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.

2. Your Interview Number $\qquad$
3. Dace $\qquad$
4. Length of Interviek $\qquad$ (ninuten)
5. INTERVIENER: LIST ALI, PERSONS, INCLIDLNG CHLLDREN LIVING IN THE DFELIING UNIT, BY THELR RELATION TO THB HEAD.

| 6. <br> All persons, by relation or connection to head | $7 .$ Sex | 8. Age | 9. <br> Family <br> Unit No | 10. <br> Indicate Resp. by Check |
| :---: | :---: | :---: | :---: | :---: |
| 1. HRAD OF DHELLING UNIT |  |  |  |  |
| 2. |  |  |  |  |
| 3. |  |  |  |  |
| 4. |  |  |  |  |
| 5. |  |  |  |  |
| 6. |  |  |  |  |
| 7. |  |  |  |  |
| 8. |  |  |  |  |
| 9. |  |  |  |  |
| 10. |  |  |  |  |
| 11. |  |  |  |  |
| 12. |  |  |  |  |

17. Bave there been any changes in the last year, in the number of people in your family living here?
18. What Changes? $\qquad$
19. Do you have any umparried children under 25 who do not live here with you?


A: GEMERAL ATTITUDES

Al. We are intereated in how people are getting along financially these days. Would you any that you and your family are better off or worse off financially than you were a yoar ago?
$\square$ BETTRR MOW
[] SAMEWORSE KOHUNCERTALN

A2. Why is that? $\qquad$
$\qquad$
$\qquad$
43. 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?BETTER
$\square$ SAME
$\square$ WOR8E
$\square$ UNGERTAIN

## B: HOUSING

B1. Now I'd like to talk with you about thinge here at hone. Whan did you move into this (house/apartment)?

B2. How long have you lived here in
county? (YEARS) (COUNTY NAME: e.8. BRONX)

B3. Do you (FAMILY UNIT) own this (home, apartment), pay rent, or what?


## (IF

b3. About how much rent do you pay a month? \$ $\qquad$
RENTS)
B6. Do you rent it furnished or unfurnished?
$\square$ FURNISEED $\square$ UNFURNLSHED
(TURN TO Q. B19)

(IF OWNS OR IS BIYING)

| B10, Do you have a mortgage on this property? <br> YES NO -- (GO TO Q. B19) |  |  |
| :---: | :---: | :---: |
| B11, Do you also have a second mortgage?YES NO |  |  |
|  | First <br> Mortgage | Second Mortgage |
| B12. About how much is your pregent 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? | $\square \mathrm{YES}$ | $\square \mathrm{NO}$ |
| B16. Do they take care of the property taxes? | $\square$ YES | $\square$ No |
| B17. Do they (the mortgage payments) cover any of the utilities too? | $\square \mathrm{YES}$ | $\square \times 10$ |
| 818. What interest rate are you paying on the mortgage? (GO ON TO Q. B19, BELOW) | $(\overrightarrow{\text { percent }})$ | (percent) |

## (ASK BVERYONE)

Bl9. Do you expect to buy or build a house for your own year-around use during the next twelve months?

(IP YES OR DEPENDS TO ELTHER Q. B19 OR Q. B20)
B21. About how much do you think the house and the lot will cost? $\qquad$ (TURN TO Q. B22)


P


## ADDITLONS AND REPAIRS

## (ASK EVERYONX)

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)


## (ASK EVERYONE)

B32. Do you expect to make any large expenditures for work on this house or lot during the next 12 monthe -- things like upkeep, additions, or improvements, or painting and decorating? (FARMERS -- EXCLUDE FARM BUILDINGS)


B33. What do you plan to do? $\qquad$
$\qquad$
$\qquad$
B34. About how much do you think you will spend for everything you plan to do during the next 12 monthe? \$ $\qquad$
C: CARS
C1. Thio next set of questions is about cars. Altogether, how many people are there in your family living here who can drive?
$\qquad$ DRIUERS

C2. Do you or anyone else here in your family own a car?
$\square$ YESNO (TURN TO PAGE 9, Q. C39)

C3. Altogether, how many cars do you and your family living here own? $\qquad$ (CARS)
(IF 2
OR MORE) $C 4 . \quad$ How long have you had more than one car in the family? _(YRARS)
(IATERVIEGRR: ASK REST OF PAGE FOR EACH CAR ONNED BY EU)
Now I'd like to ask a few questions about the car (a) you have now.

C5. What year model is it?
C6. What make of car is it? (2 WORD ANSWER)

C7. Is it a sedan (2-door or 4-door), a etation wagon, convertible, or what?

C8. Is it a compact, regular size, something in-between, or what?

C9. Who usually drives this car? (RRLATION TO HRAD)

C10. Did you buy this car new or used?
Cll. In what year did you buy it?

| CAR * | CAR \# | CAR |
| :---: | :---: | :---: |
| $19 \ldots$ (YEAR) | 19 __(YRAR) | 19 __(YEAR) |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| $\square$ NEW $\square$ USED | $\square$ KEH $\square$ USED | $\square$ NEW $\square$ USED |
| 19 _(YEAR) | 19 _(YEAR) | 19 __YEAR) |
| $\ddagger$ |  | 7 |

IF BOUGHT IN 1965 OR EARLIER, A8K Q'S Cl2-C18 FOR EACH CAR.
IF BOUGHT IN 1966 OR 1967. ASK Q's Cl9-G32 FOR RACH CAR.




(ASK EVERYONE)
c39. During 1966 did you sell, give away, or scrap a car that we haverit talked about? (ASK Q'S C40-C44 FOK EACH SUCH CAR)


C40. What year model was it?
C41. What make mas it?

C42. Did you sell it, scrap it, wreck it, or what?

C43. When did you buy that car?
C44. Any other care you got rid of?YBS (EMERR DETAILS IA Q!S C40-C44)
$\square$ RO (TURA TO Q. ©45)

| 19 __(YBAR) | 19__(YYAR) |
| :---: | :---: |
| 19 (YEAR) | 19 _(YRAR) |

C4S. Do you expect to buy a car during the next twelve wonthe or so? $\qquad$

Does anyone else in the family living hera expect to buy a car during the next twelve months?

CIT YRE,
FROBABLY,
OR MAYBE TO
Q. 045 OR C46)


C48. When do you think you might buy this car?

C49. Hou much do you think you will pay for it?
$\$$
(IF OWNS CAR (S) NOW)
C50. At that time will you trade in or aell (any of) your present car(s)?
(GOTO Q. C52)
(IP 10 O T0
Q. $\mathrm{C45}$ ANㅛ (46)

C51, How long do you think it will be before you buy a cari (GO TO Q. C52)

CS2. We've been talking about caxs. Now I'd like to ask you about trucks. Do you or anyone else in the family here own any kind of a truck or pick up?

YBSNO (TURN TO Q. DI)

C53. How meny do you ora?
c54. What year model (is it/are they)?
$\overline{\text { (YRAR) }} \overline{\text { (YEAR) }} \overline{\text { (YEAR) }} \overline{\text { (YEAR) }}$
c55. Do you people ever use (it/any of then) for personal transportation, (shopping, fishing or hunting, and the like), or (is it/are they) only for buainess or farming?


C56. Do you use (it/them) for personsl trangportation frequently, occasionally, or tarely?FREQUEETLYOCCASIOAALLYRARELYD.K.
(INTERVIEWER: ENCOURAGE.WIFR TO HELF WITH THIS 8ECTION)

## D: OTHER DURABLES

D1: How about large things for the home -- did you buy anything in 1966 auch as furniture, a refrigerator, btove, washing machine, television eet, air conditioner, household appliances, and 80 on?

YES
$\square$ MO -- (TURE TO Q. D13)

| D2. What did | you buy? -- anything else? <br> (ENTER EACH ITEM) $\rightarrow$ |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| D3. How much counting <br> D4. Was ther you eell | did it cost, not financing charges? a trade-in, or did your old one, or what? |  |  |  |
| $\begin{aligned} & \text { (IF TRADE-IN } \\ & \text { OR SALE) } \end{aligned}$ | D5. How much did you get for it? | \$ | \$ | \$ |
| D6. Did you buy it on credit, or pay cash, or what? <br> D7. How much did you pay down in cash? <br> D8. Do you still have anything left to pay? |  |  |  |  |
| $\begin{aligned} & \text { (IP YES TO } \\ & \text { Q. DB) } \end{aligned}$ | D9. How much are the payments? <br> D10. Are the payments all the same amount, or does what you pay depend on how much you owe, or what? | $\$$ $\qquad$ <br> per $\qquad$ $\square$ ALL SAME <br> (ASK Q. DLI) DEP. ON BALANCE <br> (GOTO Q. D12) OTHER $\qquad$ <br> (GO TO Q. D12) | $\$$ $\qquad$ <br> per $\qquad$ $\square$ ALL SAME (ASK Q, D11) DEP. ON BALAMCE (GO TO Q. D12) $\square$ OTHER $\qquad$ | $\$$ $\qquad$ <br> per $\qquad$ ALL SAME (ASK Q. Dll) DEP. ON BALANCE (GOTO Q. D12) $\square$ OTHER $\qquad$ <br> (GOTO Q. D12) |
|  | (PAYMENTS ALL SAME) <br> D11. How many more payments do you have left to make? (OMIT Q. D12) |  |  |  |
|  | (DEFENDS, OTHER, QR D.K. TO Q. D9, D10, D11) <br> D12. How much do you have left to pay? | \$ | \$ | \$ |
| B0X D | (INTERVIEWER: REPEAT Q'S D3-D12 FOR EACH ITEM NENIIONED, THEN TURM TOQ. D13) |  |  |  |


(ASK EVERYOKE)
D13. About the big things people buy for their homes -- guch as furniture, house furnishings, refrigerator, stove, television, and things like that. Generally gpeaking, do you think now is a good or a bad time for paople to buy major household iteme?
$\square$ GOODPRO-CON
BAD
UNCERTAIN

D14. Why do you say so? $\qquad$
$\qquad$

DI5. Do you (R ARD 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 elee? $\binom{\text { ENTBR }}{\text { ITEMS }} \longrightarrow$ |  |  |  |
| :---: | :---: | :---: | :---: |
| D17. Would you say you definitely will buy a .. (MENTION ITRMM).. during the next 12 months, or that you probably will, or are you undecided? <br> D18. About how much do you think you will spend on it? | DEPIMITELY probably URDECIDED <br> $\$$ $\qquad$ | DEFINITELY probably UNDECIDED <br> $\$$ $\qquad$ | DEFINITELY PROBABLY URDECIDRD <br> \$ $\qquad$ |
| (INTERVIEWER: REPEAT Q'S D17-D18 FOR EACH ITEM MENTIONBD) |  |  |  |

(ASK EVERYONE)
D19. We are also intarested in larger things for your howe which you (FU) bought before 1966.

| (INTERVIEHER: ASK Q'a D20, <br>  21,22 FOR EACH <br>   <br> SEPARATE ITEM  | B1k. \& W. TV Set | $\begin{aligned} & \text { Color } \\ & \text { TV } \\ & \text { set } \end{aligned}$ | $\begin{aligned} & \text { Regrig- } \\ & \text { erator } \\ & \hline \end{aligned}$ | Washing Machine | Stove | Room Ait <br> Condi- <br> tioner |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| D20.Do you have a <br> that you <br> bought before <br> $1966 ?$$\quad$ (MENTIONITEM)D21. About how old is it? (YEARS)D22. How many times was itrepaixed last year? |  | $\square$ $\qquad$ |  |  |  |  |



## E: OTHER PAYMENTS AKD DEBT

E1. We've talked about housing, cars, and household appliances. Do you owe for anything else on which you make regular paymenta?

| E2. <br> What is it for? | E3. <br> How much are the pryments? | 84. How many have you already made? | E5. <br> How many do you have left to make? |
| :---: | :---: | :---: | :---: |
| Item |  |  |  |

E6. How about travel expenses or medical expenses? (IF YES, EATBR IN Q. E2.-E5.)
E7. Do you maice (any other) regular payments, say, to a loan or finance company, that we have not yet talked about?YES (ENTER DETAILS AND USE
$\square$ NO (GO TO Q. B8)
OF MONEY IK Q.E2-E5.)

B8. Do you (or your wife) work for an employer who deducta income taxes and social Becurtty from your (or her) pay?

YES, DEDUCTEDno, pay taxes directly/not CURRENTLY BMPLOYBD (TURN TO Q. E10)

B9. Are there other deductions from your pay such as (READ CATEGORIES TO BESPONDENT)Purchase of stocksPensions or retirement benefits
$\square$ Saving $\square$ Insurance
$\square$ Repayment of debts (ENTER DETALLS AND USE OF MONET IA E2-E5)
$\square$ Anything else $\qquad$
$\square$ No DEDUCTIONS

D23. Are there some other things you (and your fomily) would like to buy or replace during the next few yeare, or do you have most of the things you want?


HAVE MDST THINGE WB WANT (G0 TO Q. D25)

D24. What thinge do you have in mind? $\qquad$
$\qquad$
$\qquad$

D25. What about oport and hobby items? $\qquad$
$\qquad$
$\qquad$

D26. Did you or anyone else in the family take a vacation trip of five days or more during the lat 12 monthe?

```
        \square YRS
```

```NO -- (TURN TO Q. E1)
\(\square\)
```

D27. Roughly how much did you spend altogether, including transportation and other thinge thet cost more than if you were home?
$\qquad$

Eio. Sometines people make arrangements to have payments made for them by their bank, or by their relatives, or perhaps by oomeone else. Do you (FU) have any kind of arrangement like that?


$$
\square \mathrm{NO}-(\mathrm{GOTO} \text { Q.E12) }
$$

Ell. What are the payments for?
(TF REPAYMENT OF DEBT, ENTER DETAILS IN E2-E5)

(ASK ONLY IF PU HAS NO MONTHLY PAYMENTS NOW)
E18. Suppose you'd like to make some large purchases, would you be likely to finance them on the installment plan?
(GO TO Q. E19)
(ASK EVERYONE)
E19. Do you owe any money on which you don't make (regular) payments; like a loan on a life insurance policy, or debt to some person or bank?


E24. In 1966 did you finish making paymente on a loan or something you had bought?



## F: OCCUPATION AND EMPLOYMENT

Fl. 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?$\left.\begin{array}{l}\text { RETIRED } \\ \text { PERMANENTLY DISABLED }\end{array}\right\}$
(TURN TO Q. FI6)HOUSENIFESTUDENT (TURN TOPAGE 19, Q.F22)

82. What is your (HEAD'S) man occupation? $\qquad$

E3. Tell me a little more about what you (HEAD) do? $\qquad$

F4. What kind of businesa is that in? $\qquad$

FS. Do you (HEAD) oupervise other people?
$\square \mathrm{YES}$
$\square$ NO
F6. Do you (HEAD) work for someone else, or yourself, or what?

| $\square$ | SOMEONE ELSE $\square$ BOTH SOMEONE ELSE AND SELF $\quad \square$ SELF ONLY (GO TO Q. FB) |
| :--- | :--- |
| F7. DO you belong to a labor union? $\quad \square$ YES $\square$ NO |  |

(ASK Q. F8-F13 FOR HEAD'S MAIN JOB)
F8. Now, about the work that you do now (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 ?
i10. How many weeks were you (HRAD) unemployed last year? $\qquad$
'11. How many weeks were you (HEAD) 111 or not working for any ocher reaton last year?

P12. Then, how many weeks did you (HEAD) actually work on the job in 1966 ? $\qquad$
F13. How many houra a week did you (HEAD) unually work when you were working? $\qquad$
F14. Did you (HEAD) also have a second fob in 1966 ?
NO (TURN TO Q. P22)

F15. About how many hours all together did you (HEAD) work in 1966 on an extra job? (TURN TO Q, F22)

F16. (INTERVIENER: SEE Q. PI, PAGE 17 AND CHECK BOX.) HEAD IS...


F17. What kind of work did you (HEAD) do when you worked? $\qquad$
(IF HEAD NBYER GOPKED, THEN TURA TO Q. F22)
F18. Tell me a iftcle more about what you did. $\qquad$

F19. What kind of business was that in? $\qquad$

F20. Did you (HEAD) work for someone else, yourself, or what? $\square$ SOMRONE ELSE $\square$ SELF $\square$ BOTH GELP AND SOMEONE ELSE

F21. Did you supervise other people? $\square$ YES $\square$ No


F25. Tell me a liftle more about what she did.

F26. What kind of business is that in? $\qquad$

F27. Was she working for someone else, hersalf, or what?
$\square]$ SOMEONE ELSE $\square$ SELF $\square$ BOTH SOMRONE RLSE AND SELF
F28. About how many hours week did she work when she was working? $\qquad$

F29. How many weeks did she actually work in 1966 ?

## G: INCONE

G1. In this survey of consumers 611 over the country, we are trying to get an sccurate pleture of people'b financial situscion. One thing ve need to know is the incore of all the families we interview.
(INTERVIENER: SEE Q. F2, PAGE 17 AND CHECK ONE)
■ FARMERNOT EARMER (GO TO Q. G5)

G2. What were your total receipts from farming in 1966, including soil bank payments and comodity credit loans?
$\$$
(A)

G3. What were your total operating expenses, not counting living expenses?
$\$$
(B)

G4. That left you a net income from faroing of? $A-B=\$$ $\qquad$
(ASK EVERYONE)
65. Did you or anyone else in the family living here own business at any time in 1966, or have a financial interest in any businese enterprise?


G6. What kind of buainegs is it? $\qquad$
67. Is it a corporation or an unincorporated business or do you have an interest in both kinds?CORPORATION (GO TO Q. G9)


G8. How much was your (fardily's) share of the total income from the busines: in 1966 -- that is, the amount you took out plus any profit (you) left in? $\qquad$

G9. How much did you (HEAD) receive from wages and salaries in 1966, that is, before anyching was deducted for taxes or other thinga?
$\$$ $\qquad$
Gl0. In addition to this, did you (HEAD) have any income fraw overtime, bonuses, or commisaions?
NO (TURN TO Q, Cl2)

Gl1. How auch was that? $\qquad$

G12. Did you (HEAD) receive any other income in 1966 from:
(IF YES TO ANY ITEM, ASK, "How much was it?" AND ENTER AMOUNT AT RIGHT)
(IF NO, ENTER "O")
a. professional practice or a trade . . \$ $\qquad$
b, farming or market gardening, roomers
or boarders. . . . . . . . . . . . . $\$$ $\qquad$
c. dividende. . . . . . . . . . . . . . \$ $\qquad$
d. rent, interest, trust funds, or royalties. . . . . . . . . . . . . . $\$$ $\qquad$
e. social security.
$\$$ $\qquad$
f. other retirement pay, pensions, or annuitié. . . . . . . . . . . . . . \$ $\qquad$
8. any other sourcea, like family allotments, unemployment compensacion, welfare, or help from relatives. . . \$
h. anything elae $\qquad$ $\$$ (SPECIFY)



G23. How much does your family income go up and down from month to month?A 10 TA LITTLE BIT
STAYS PRETTY MUCH THE SAMR
$\square$ D.K.

G24. Have there been any changes in the last year in the number of earners in your family?
$\square Y E S$
$\square$ NO (TURN TO Q. G26)
625. What changes? $\qquad$

TFI


G26. Was your family's cotal income higher in 1966 than it was the year before that (1965), or lower, or what?


G27. What are the main reasons why it was higher (lower)? $\qquad$
$\qquad$
$\qquad$
$\qquad$
G28. Was it a lot higher (lower) or jutt a little higher (lower)?
$\square$ A 10т
DA LITTLE

G29. Thinking back to what your family income was about four yeara ago, say, for 1962; are you making much more now, a little more, the same, or leas?MIUCH MORE
A LITTLE MORETHE SAME
$\square$ LESS
G30. Will your family income for this year (1967) be higher or lower than last year (1966) ?


G31. What are the main reasons why it vill be higher (lower) than in 1966 ?
$\qquad$
$\qquad$
$\qquad$
G32. Do you think it will be a lot higher (lower), or futt a little higher (lower)?
$\square$ A LотA LITTLE

G33. Thinking ahead about four yeara, would you say that your family income will be much higher, a little higher, the same, or amaller than it is nowMUCH HLGHER
A LITTLE HIGHERTHE SAHTE
]SMALLER
ПD.K.

## H: ATTITUDES

We're interested in how people feel about making payments on thinge, for instance when they buy on time, or borrow.

Hl. 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. (SHON GRPEN CARD 2 TO RESPONDENT.)

Would you say it is all right for eomeone like yourgelf to borrow money...
a) to cover expenses due to illnessNO
b) to cover the expenses of a vacation tripYES $\square$ NO
c) to finance the purchase of a fur coat or jewelryYES No
d) to cover living expenses when income is cutYES
e) to finance educational expensesYES
f) to finance the purchase of a corYES
g) to finance the purchase of furnitureYES -
h) to pay bills which have piled upYES $\square$ No

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"
$\qquad$
$\qquad$

HS. What kind of man do you chink he is? $\qquad$
$\qquad$
$\qquad$
$\qquad$

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?
$\begin{array}{lll}\text { ALL THE } \square \text { MOST OF } \\ \text { TIME } & \square \text { ONLY FOR } \quad \square \text { HARDLY EVER } \square \text { A PERIOD }\end{array} \quad \square$ NEVER
uppose you needed a thous and dollara for a car which yout would repay in twelve monthly payments, about how wuch do you think the interest or carrying charges would be? (IF DEPEADS ON WHERE BORROWED -- ASK FOR SOURCE.)
$\qquad$


R9. Do you think there is difference in the intereat or carrying charges depending on where you borrow the money?


NO DIFFERENCE
DON'T KNOW
(GO TO Q. H11)
(GO TO Q. H11)

## H10. Where would they be the lowest?

Hil. Do you happen to know whether there have been any recent changes in the interest rate charged on installment buying?

| $\square$ KNOWS THERE HAVE | $\square]$ KNOWS THERE HAS |
| :--- | :--- |
| BEEN CHANGES  <br>  BEEN NO GHANGE <br> (GO TO Q. H13)$\quad \square$ D.K. (GO TO Q. H13) |  |

## 甘12. What kind of changes?

$\qquad$
413. Do you and your family have any gasoline credit cards?

(HURGER USED)

H15. Do you and your family have any other charge accourca or credit cards?


日16. How many of them do you (R AND FU) use?
(NUMBER USED)

H17. Do you (R AND FU) have any revolving credit accounts -- chat is, accounts with tores where you can pay for something over several months?YES

H18. Do you happen to know anyone who has had anything repossessed because he got behind in the payments?
$\square$ YES $\square$ NO

H19. Do you know anyone who hat had his eaminge attached or garnisheed to pay off a debt?
$\square$ YE8
120. Do you know anyone who has gone through bankruptcy?$\square$ NO

日21. How do you think people get into such situations like repossession, garnishment, or bankruptcy?

## 1: GENERAL ATHITUTIES

Now I'd like to ask you some questions of a more general nature.
Il. 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 atay where thay are now?
$\square$ WILL GO UP
$\square$ stay the same
WILL GO DOWN
12. How large a price increase do you expect? of course nobody can know for gure, but would you aay that a year from now prices will be about 1 or 2 pex cent higher, or 5 percent, or closer to 10 percent higher than now, or what?
13. Would you say that these (rising/falling/unchanged) prices would be good, or bad, or what?
14. Now, turning to business conditions in the coumtry as a whole -- do you think that during the next treive months we'll have good times financially, or bad times, or what?good thesGOOD, WITH QOALIFICATIONSPRO-CONBAD, WITH QUALIFICATIONSbad timesURCBRTALN
15. Why do you think that?
$\qquad$
16. Would you gay that busines. conditiong are at pregant bettar or worse than they were a year ago?about the sameWORSE NOH
17. During the last few monthe, have you heard of any favorable or unfavorable changes in business conditions?
(IF YES) 18. What did you hear?
19. And how about a year from now, do you expect that in the country as a whole buinines conditions will be better or worse than they are atpreatent, or juet about the same?

## bettrir a fear from nowabout the sameWORSE A tzar yrom ron

IIO, Looking ahead, which would you say in more likely -- that in the country as $s$ whole we'll have continuous good times during the next five years or $s 0$, or that we will have periode of widespread unemployment or depression, or what?
III. On what does it depend in your opinion?
(IF DOR ' ${ }^{2}$ '
KNOW OR
DEPE:DS

I12. How about a recension and unemployment like we had in 1958 and in winter 1960-61; do you think this will happen again?
$\qquad$
(IF WILL,
PROBABLY
OR MIGTT
EAPPEN)
113. Why do you think so?
114. About when will (might) it come, in yout opinion?
15. And how about people out of work during the coning twelve months -- do you think that there will be more unemployment than now, about the 日ame, or lesp?
$\square$ MORBABOUT THE SAMELESS
OTAER COMTISTTS : $\qquad$

II6. Why do you think so? $\qquad$
117. How do you think the way things are going in the world today - I mean Vietnim, the cold war, our relations with Rusaia and China -- are affecting buriness conditiona here at hone?
118. Do you think they make for good or bad economic conditions at home, or what?
119. Why do you think so?
$\qquad$

## J: ASSETB

We've talked about the payments you are making, the amounta you have to pay, and your income. We would like to have an idea of how you might handle emergenctes.

J1. Do you (R AND FU) carry any life insurance?
NO (GO TO Q. J5)
(SHOW YELLOK CARD 3 TO RESPONDENT)
J2. Which of the groups on the card show the total amount of life ingurance you (R AND FU) have? $\$$ $\qquad$ OR

| $\square \mathbf{a}$ | $\square \mathrm{b}$ | $\square \mathrm{c}$ | $\square \mathrm{d}$ | $\square \mathrm{e}$ | $\square \mathbf{f}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 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 lasn from your insurance company on any of these policies?
34. Did you (R AND FU) take out any new or additional life insurance in 19667

J5. Do you (R AND FU) have any checking accounts?


J7. What about savinga accounts? Do you ( $R$ AND FU) have any asings accounts in banks, savings and loan associations, or eredit uniona?

(SHON YELLOW CARD 3 TO RESPONDENT)
J8. About how much do you (R AND FU) have altogether in these saving: accounte? \$ $\qquad$ or
$\square a$
$\square$ b
$\square c$
】。e

J9. How important is it to you to be adding to your savings?


J11. What about stock? Do you (R AND FU) own any coman or preferred stock in a corporation, including companies you have worked for, or own atock through an inveatment club, or own shares of a mutual fund?

513. Do you (R AND FU) have any government savings bonds, corporate or municipal bonde?
$\square \mathrm{YES}$
$\square$ NO (TURN TO Q. KL)
(SHOW YELLOW CARD 3 TO RESPONDENT)

J14. How much do you have altogether? \$ $\qquad$ OR
$\square \mathrm{a}$$\square$ c
$\square \mathrm{d}$
$\square$ e
$\square £$

## K: INFORMATION ABOUT FAMILY

(ASK EVERYORE)
K1. Now I have just a few more questions.
Are you (HEAD) married, single,widoved, divorced, or separated?

$K 3$.

| (HEAD) |  |  |  | (WIFE -- IP APPLICABLE) |
| :---: | :---: | :---: | :---: | :---: |
| How many graded of school did you (head) finish? |  |  | (GRADES) | (GRADES) |
| $\begin{aligned} & \text { (IP } \\ & \frac{\text { MORE }}{\text { THAN }} \end{aligned}$ | X4. Have you had any other achooling? |  | $\begin{aligned} & \square \text { No } \\ & \square \text { YEs } \end{aligned}$ | NO <br> $\square$ YES |
| - | $\begin{aligned} & \text { (IF } \\ & \text { YRS } \\ & \text { TO } \\ & \text { Q.K4) } \end{aligned}$ | K. What other schooling did you have? | (COLLEGE, SECRETARIAL, BUSINESS, TRADE SCHOOL, NURSING, ETC) | (COLLECE, SECRETARIAL, BUSINESS, TRADE SCHOOL, NURSING, ETC) |
|  |  | (IP ANY COLIRGE) <br> K6. Do you have a college degree? | NO <br> YES | $\square$ No <br> $\square$ YES |
|  |  | (IR YES TO Q. K6) <br> K7. What degree(s) do you have? |  | $\longrightarrow$ - |

天. Are there people who do not live here uith you but are dependent on you for tare than one-half of their aupport?


K9. How many?

K10. (INTERVIEWER: CHECX BOX)


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 vill send in this card. (HAND REPORT REQUEST CARD TO R)

KI5. I have no more queations. Thank you very much for your help.
(INTERVIENER: CHECK TO MAKE SURE Q's 2, 3, 4 ON PAGE 1 are COMPLETE. REMEMBER TO FINISH THUMBNAIL SKETCH AND FOLLOH-UP SHEET.)
(INTERVIEWER: BY OBSERVATION ONLY)


L7. NEICHBORHOOD: Look at 3 structures on each side of DU but not more than 100 yards or so in both directions and check as many boxes as apply, below.
VACANT LAND ONLY
TRAILER

dETACHED SINGLE FAMILY HOUSE

-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)
$\square$ APARTMENT HOUSE (5 OR HORE UNITS, 3 STORIES OR LESS)
$\square$ APARTMENT HOUSE (5 OR MORE UNITS, 4 STORIES OR MORE)
$\square$ apartment in a partly comercial STEUCTUREwholly compercial or industrial STRUCTURE
$\square$ OTHER (Specify) $\qquad$

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 ANSWERR COULD UNDERSTAND AND ANSWER QUESTIONS Satisfactorily
$\square$ R was slow to
UNDERSTAND AND
had difficulty ANSWERING QUESTIONS

COMMENTS: $\qquad$

L9. If Reapondent's answers to factual questions (house value, income, etc.) seem badly out of line uith your observations, please note below.
(USE NEXT PAGE FOR thumbNail SKETCH)

## 17

## BIBLIOGRAPHY

EACH of the Survey of Consumer Finances monographs contains a bibliography listing publications by the staff of the Economic Behavior Program of the Survey Research Center. Listed below are books and articles published or prepared in 1967.

Katona, George and Eva Mueller. Consumer Response to Income Increases (An Investigation Conducted in the Year of the Tax Cut). Washington, D.C.: Brookings Institution, 1968.

Katona, George. Anticipations Statistics and Consumer Behavior. American Statistician, April, 1967.

Katona, George. Consumer Behavior: Theory and Findings on Expectations and Aspirations. (Paper presented at annual meeting of American Economic Association, December 1967) Proceedings, American Economic Review, LVIII, May 1968.

Katona, George. On the Function of Behavioral Theory and Behavioral Research in Economics. American Economic Review, LVIII, March 1968.

Katona, George. What Is Consumer Psychology? American Psychologist, 22, March 1967, 219-226.

Katona, George. Economic Outlook and Its Policy Implications. Testimony before Joint Economic Committee, Congress of the United States, June 27, 28, and 29, 1967, 80-83. Washington, D.C.: U.S. Government Printing Office.

Katona, George and James N. Morgan. Retirement in Prospect and Retrospect, Part 2, Retirement and the Individual, Hearings before U.S. Senate Special Committee on Aging, July 26, 1967, 587-598. Washington, D.C.: U.S. Government Printing Office.

Lansing, John B. and Gary Hendricks. Automobile Ownership and Residential Density, Survey Research Center, 1967, 230 pp.

Lansing, John B. and Gary Hendricks. Living Patterns and Attitudes in the Detroit Region. A report for TALUS (Detroit Regional Transportation and Land Use Study), 1967, 241 pp. (Available only from TALUS, 1248 Washington Blvd., Detroit, Mich. $48226-\$ 5.00$ to nongovernmental agencies.)

Lansing, John B. and James N. Morgan. The Effect of Geographical Mobility on Income. Journal of Human Resources, II, Fall 1967, 449-460.

Lansing, John B. and Eva L. Mueller. The Geographical Mobility of Labor. Survey Research Center, 1967, 421 pp.

Morgan, James N . The Consumer in an Affluent Society. The Changing American Economy, John R. Coleman, ed. New York: Basic Books, 1967, 49-64.

Morgan, James N. Contributions of Survey Research to Economics. Survey Research and Social Sciences, Charles Y. Glock, ed. New York: Russell Sage Foundation, 1967, 264-314.

Morgan, James N. Who Uses Seat Belts? Behavioral Science, 12, November 1967, 463-465.

Morgan, James N. A Note on the Time Spent on the Journey to Work. Demography, 4, 1, 1967, 360-362.

Morgan, James N. Family Use of Credit. Journal of Home Economics, 60, January 1968.

Morgan, James N., John A. Sonquist and Frank M. Andrews. Multiple Classificalion Analysis, Survey Research Center, 1967.

Mueller, Eva L. and Jane A. Lean. The Savings Account as a Source for Financing Large Expenditures. Journal of Finance, 22, September 1967, 375-393.

Sonquist, John A. Simulating the Research Analyst. Social Science Information, 6, August 1967, 207-215.

Sonquist, John A. Finding Variables That Work. (A paper delivered at American Association for Public Opinion Research, Lake George, New York, May 1967.) Survey Research Center, 22 pp. mimeo.

Stafford, Frank P. and Selwyn M. Becker. Some Determinants of Organizational Success. Journal of Business, University of Chicago, October 1967, 511-518.

Stafford, Frank P. and John F. Marsh, Jr. The Effects of Values on Pecuniary Behavior: The Case of Academicians. American Sociological Review, 32, 740-754.

Survey of Consumers Finances data are available on either punched cards or computer tapes, together with a detailed code describing the content of the cards or tapes. Thus, interested scholars or other parties may obtain or prepare further analysis beyond that presented in this volume.

## SURVEY RESEARCH CENTER PUBLICATIONS

Survey Research Center publications should be ordered by author and title from the Publications Division, Institute for Social Research, The University of Michigan, P.O. Box 1248, Ann Arbor, Michigan 48106.

1960 Survey of Consumer Finances. 1961. \$4.00 (paperbound), 310 pp .

1961 Survey of Consumer Finances. G. Katona, C. A. Lininger, J. N. Morgan, and E. Mueller. 1962. $\$ 4.00$ (paperbound), $\$ 5.00$ (cloth), 150 pp .

1962 Survey of Consumer Finances. G. Katona, C. A. Lininger, and R. F. Kosobud. 1963. $\$ 4.00$ (paperbound), 310 pp .

1963 Survey of Consumer Finances. G. Katona, C. A. Lininger, and E. Mueller. 1964. \$4.00 (paperbound), 262 pp .

1964 Survey of Consumer Finances. G. Katona, C. A. Lininger, and E. Mueller. 1965. \$4.00 (paperbound), 245 pp .

1965 Survey of Consumer Finances. G. Katona, E. Mueller, J. Schmiedeskamp, and J. A. Sonquist. 1966. $\$ 4.00$ (paperbound), $\$ 6.00$ (cloth).

1966 Survey of Consumer Finances. G. Katona, E. Mueller, J. Schmiedeskamp, and J. A. Sonquist. 1967. $\$ 4.00$ (paperbound), 303 pp .

Productive Americans: A Study of How Individuals Contribute to Economic Progress. James N. Morgan, Ismail Sirageldin, and Nancy Baerwaldt. 1966. $\$ 5.00,546 \mathrm{pp}$.
Residential Location and Urban Mobility: The Second Wave of Interviews. John B. Lansing. 1966. \$2.50 (paperbound), 115 pp.

Consumer Behavior of Individual Families Over Two and Three Years. Richard F. Kosobud and James N. Morgan (Editors). 1964. $\$ 5.00$ (paperbound), $\$ 6.00$ (cloth), 208 pp.

Residential Location and Urban Mobility. John B. Lansing and Eva Mueller. 1964. $\$ 2.00$ (paperbound), 142 pp.
Residential Location and Urban Mobility: A Multivariate Analysis. John B. Lansing and Nancy Barth. 1964. \$2.00 (paperbound), 98 pp.

The Travel Market, 1964-1965. John B. Lansing. 1965. \$4.00 (cloth), 112 pp.
*The Changing Travel Market. John B. Lansing and Dwight M. Blood. 1964. \$10.00 (cloth), 374 pp.

The Detection of Interaction Effects. John A. Sonquist and James N. Morgan. 1964. $\$ 3.00$ (paperbound), 292 pp .

The Geographic Mobility of Labor, a First Report. John B. Lansing, Eva Mueller, William Ladd, and Nancy Barth. 1963. \$3.95 (paperbound), 328 pp .
*The Travel Market 1958, 1959-1960, 1961-1962. John B. Lansing, Eva Mueller, and others. Reprinted 1963 (originally issued as three separate reports). $\$ 10.00,388 \mathrm{pp}$.
*The Travel Market 1955, 1956, 1957. John B. Lansing and Ernest Lillienstein. Reprinted 1963 (originally issued as three separate reports). $\$ 10.00,524 \mathrm{pp}$.
Location Decisions and Industrial Mobility in Michigan, 1961. Eva Mueller, Arnold Wilken, and Margaret Wood. 1962. \$2.50 (paperbound), $\$ 3.00$ (cloth), 115 pp.

## OTHER BOOKS BY MEMBERS OF THE ECONOMIC BEHAYIOR PROGRAM

Transportation and Economic Policy. John B. Lansing. Free Press, 1966.

The Mass Consumption Society. George Katona. McGraw-Hill, 1964.
Income and Welfare in the United States. J. N. Morgan, M. H. David, W. J. Cohen, and H. E. Brazer. McGraw-Hill, 1962.

An Investigation of Response Error. J. B. Lansing, G. P. Ginsburg, and K. Braaten. Bureau of Economic and Business Research, University of Illinois, 1961.
The Powerful Consumer. George Katona. McGraw-Hill, 1960.
Business Looks at Banks: A Study of Business Behavior. G. Katona, S. Steinkamp, and A. Lauterbach. University of Michigan Press, 1957.

Consumer Economics. James N. Morgan. Prentice-Hall, 1955.
Contributions of Survey Methods to Economics. G. Katona, L. R. Klein, J. B. Lansing, and J. N. Morgan. Columbia University Press, 1957.

Psychological Analysis of Economic Behavior. George Katona. McGraw-Hill, 1951. (Paperback edition published in 1963.)


[^0]:    ${ }^{1}$ The term "family" includes all persons residing together in the same dwelling unit who are related by blood, marriage, or adoption. Families include one-person units as well as units of two or more persons.

[^1]:    Date for 20 cases for which education of head is not ascertained are omitted.

[^2]:    ${ }^{\text {b }}$ Deciles based on combined white-Negro distribution as shown in column "Share in Tatal Income."
    Includes approximately 2 percent nonwhite non-Negro.
    Includes wage, salary, professional, and other self-employment income.
    ${ }^{d}$ Includes income from rent, interest, dividends, and trust funds.
    fincludes farm income, unincorporated business income, and income from roamers and boardera.
    Includes Sociai Security, unemployment compensation, public welfare, veceran's benefits and other transfer income.

[^3]:    *Less than 0.5 percent.
    For definition of above footnotes, refer to theet 1 of this table.

[^4]:    ${ }^{1}$ As estimated by the ratio of debt to monthly payments on it.

[^5]:    ${ }^{a}$ Interpolated median for those with debt.
    ${ }^{b}$ Includes families with zero or negative disposable income.

[^6]:    *Less than 0.5 percent.
    ${ }^{\text {a }}$ Includes families of zero or negative disposable income.

[^7]:    ${ }^{\text {a }}$ Annual debt payment ratio based on payments as of January 1967 and dispoaable income for 1966.
    $\mathrm{b}_{\text {Months }}$ left to pay is calculated as the ratio of total instaliment debe outstanding to total monthly payments.
    $c_{\text {A }}$ few cases are not shown where the amount of debt was not ascertained.

[^8]:    *Less than 0.5 percent.

[^9]:    * Leas than 0.5 percent.

[^10]:    *Less than 0.5 percent.
    ${ }^{\text {a }}$ Debt outstanding early 1966 is divided into debt incurred only before 1965 , only during 1965, and both before and during 1965.

[^11]:    ${ }^{\text {a }}$ Current income compared to income one year ago and expected income one year hence.
    ${ }^{\mathrm{b}}$ Not ascertained.
    ${ }^{c}$ Current financial position compared to one year ago and expected financial position one year hence.

[^12]:    *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?"

[^13]:    ${ }^{\text {a }}$ Owner-occupied one-family nonfarm house.
    bMedians were estimated by interpolation.

[^14]:    * Less than 0.5 percent.

    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.

[^15]:    Less than 0.5 percent
    ${ }^{\text {a }}$ As of time of interview, January-February 1967; house value eatimated by respondents.

[^16]:    ${ }^{*}$ Less than 0.5 percent,

[^17]:    ${ }^{\text {a }}$ As of time of interview, January-February, 1967.
    bricludes trailer owners, families that rent part of another family's dwelling, and families that neither own nor rent.

[^18]:    ${ }^{2}$ Younger families are those headed by someone under age 35 . Older families are those headed by someone age 35 or older.
    ${ }^{\mathrm{b}}$ Each 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.

[^19]:    ${ }^{1}$ See John Sonquist and James Morgan, The Detection of Interaction Effects, Monograph 35 (Ann Arbor: Survey Research Center, 1964).

[^20]:    ${ }^{*}$ Leas than 0.5 percent.
    ${ }^{\text {a Price minus trade-in or sale. }}$
    Includes cars received as gifts and payment in kind.
    ${ }^{\text {cexcludes cars received as gifts. In early years, cars paid for (partly) by swapping non-automobile items such as boats, }}$ 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 [966, or 1967 that had been purchased during the previous calendar year.

[^21]:    *Less than 0.5 percent.
    ${ }^{a}$ Includes cars received as gifts.

[^22]:    *Less than 0.5 percent.

[^23]:    ${ }^{\mathrm{a}}$ Too few cases.
    ${ }^{b}$ Large differences due primarily to the infrequency of purchases in these groups.

[^24]:    ${ }^{\text {a Number }}$ of cars traded in equals the number of cars purchased.
    ${ }^{\mathrm{b}}$ All cash or cash plus trade-in only.
    ${ }^{C}$ Number of cars purchased exceeded number of cars traded in.
    ${ }^{d}$ Number of cars purchased fewer than number of care traded in or disposed of. Does not include families who disposed of a car but did not purchage a new or used car.
    Note: Families buying more than one car are clagsified by the method of finance used for the purchase of the newest car.

[^25]:    ${ }^{*}$ Less than 0.5 percent.
    ${ }^{\text {a }}$ Bought in 1964 or 1965 for 1965 ; bought in 1965 or 1966 for 1966.
    ${ }^{\mathrm{b}} 1964$, 1965, 1966 (if any) models for 1965; 1965, 1966, 1967 (if any) models for 1966.

[^26]:    ${ }^{\text {a }}$ Families buying more than one car are classified only once according to the newest car. purchased.

[^27]:    The question asked was: When you traded it in (sold it), was it in good shape, did it need some repairs, or was something geriously wrong with it?" Includes bars sold in connection with a purchase.
    c 1964 -1966 models for 1965; 1965-1967 models for 1966.
    $c_{\text {Bought in 1964-1966 for 1965; bought 1965-1967 for } 1966 . ~}^{\text {for }}$

[^28]:    ${ }^{\star}$ Less than 0.5 percent.
    The question asked was "How long have you had more than one car in the family?"
    $b_{\text {Omitted were }} 14$ (1966) and 15 (1967) families who had no major earners (earns $\$ 600$ or more per year)
    $c^{T}$ The question asked was "Altogether, how many people are there in your family living here who can drive?"

[^29]:    ${ }^{\mathbf{a}}$ Cars and trucks.

[^30]:    *Less than 0.5 percent.
    ${ }^{a}$ The question asked was "Do you people ever uas it (them) for personal transportation (shopping, fishing, or hunting and the like) or is it (are they) only for buainess or farming?"

[^31]:    *ess than 0.5 percent.
    ${ }^{\text {a }}$ Before deduction for trade-in; includes amount borrowed.

[^32]:    ${ }^{\text {a }}$ Includes not ascertained cases.
    $b_{\text {Does }}$ not add to 100 percent (or 3,165 cases) because those cases are omitted for which income change was not ascertained.

[^33]:    ${ }^{\text {a }}$ Includes only the following items: $T V$ (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.

[^34]:    *Less than 0.5 percent.
     item in question.
    Not available.

[^35]:    *Less than 0.5 percent.
    ${ }^{\text {a }}$ Before deduction of trade-in; includes amount borrowed.
    ${ }^{\mathrm{b}}$ Refers to specific household appliances (see footnote to Table 5-6).
    CBased only on families making a purchase; includes purchases of all durables.
    ${ }^{d}$ A major expenditure is defined as a net outlay (price minus trade in) of $\$ 100$ or more.

[^36]:    *Less than 0.5 percent.
    $a_{\text {Before deduction of trade-in; includen amount borrowed. }}$
    $\mathrm{b}_{\text {Refers }}$ only to epecific household appliances (oee footnote to Table 5-6).
    dBased only on families making a purchase; includes purchases of all durables.
    

[^37]:    Less than 0.5 percent.
    b Before deduction of trade in; includea amount borrowed.
    Refers to specific househald appliances (see footnote to Table 5-6).
    diased only on families making a purchase; includes purchsses of all durables.
    A major expenditure is defined as a net outlay (price minus trade-in) of $\$ 100$ or more.

[^38]:    $\mathbf{a}_{\text {A major expenditure is defined as a total net outlay (price minus trade-in) }}^{\text {mat }}$ of at least $\$ 100$ on cars and durables in 1966.
    $b_{\text {Primaries who neither own } a \text { house nor rent and all unrelated secondary units. }}$

[^39]:    ${ }^{a_{\text {Net }}}$ outlay is defined as total price minus trade-in allowance.

[^40]:    EIncludes primaries who neither own nor rent and unrelated secondaries.

[^41]:    ${ }_{a}^{*}$ Less than 0.5 percent.
    Includes TV, refrigerator, washing machine, cooking range, and air conditioner only; some familles own two or more of these applıances.

[^42]:    ${ }^{a}$ Percentage distribution of spending unita prior to 1963.
    ${ }^{b}$ For 1963 two distributions are presented, the first on the spending unit basis, and the second on the family unit basis.
    ${ }^{\text {c }}$ Comparable 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 uere "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?"

[^43]:    *Less than 0.5 percent.

[^44]:    *Less than 0.5 percent.
    ${ }^{a}$ Includes 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 atock through an investment club, or own shares of a mutusl Eund? About hou much are these stocks worth?"

[^45]:    * Less than 0.5 percent.

[^46]:    *Less than 0.5 percent.
    $a_{\text {in }} 1967$.

[^47]:    anly proportion of families emphagizing one of the four reasons shown tabulated; reapondents mentioning ocher reasons and mentioning no reasong at all are omitted; therefora rows do not add to 100 .

[^48]:    *Less than 0.5 percent.

[^49]:    ${ }^{1}$ Past 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.

[^50]:    ${ }^{2}$ The 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:

[^51]:    ${ }^{3}$ Some 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.

[^52]:    ${ }^{\text {after }}$ eliminating respondents who answered "Don't know."
    ${ }^{\mathrm{b}}$ Varies for different trend measures.

[^53]:    ${ }^{a}$ Short 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.

[^54]:    ${ }^{1}$ The 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 reflectedin 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.

[^55]:    ${ }^{2}$ See George Katona, Eva Mueller, Consumer Response to Income Increases, Brookings Institution, Washington, D. C., 1968.

[^56]:    ${ }^{3}$ Some of the findings on long-term car-buying intentions were used in the analysis presented in Chapter 8.

[^57]:    *Lees than 0.5 percent.
    ${ }^{\text {a }}$ Details may not add to totals due to rounding.

[^58]:    ${ }^{a}$ Intentions to buy houses, cars, household durables (over $\$ 100$ ), and additions or repairs (over $\$ 100$ ).

[^59]:    ${ }^{\text {a }}$ Includes all families who say they will or probably will and one-half of those who might buy in the next 12 months.

[^60]:    *Less than 0.5 percent.
    awill, probably will, or might buy in the next 12 months.

[^61]:    ${ }^{1}$ Correlations 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.

[^62]:    ${ }^{1}$ Charts and tables having the prefix "IH" (referred to frequently in Chapters 10, 11, 12, and 13) will be found following Chapter 13.

[^63]:    ${ }^{2}$ The 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, Ncw 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.

[^64]:    ${ }^{1}$ Charts and tables having the prefix "IIr" (referred to frequently in Chapters $10,11,12$, and 13) will be found following Chapter 13.

[^65]:    ${ }^{2}$ 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.

[^66]:    ${ }^{1}$ Charts and tables having the prefix "III" (referred to frequently in Chapters 10, 11, 12, and 13) will be found following Chapter 13.

[^67]:    ${ }^{1}$ Charts and tables having the prefix " $1 \mathrm{II}^{\prime \prime}$ (referred to frequently in Chapters $10,11,12$, and 13 ) will be found following this chapter.

[^68]:    ${ }^{a}$ Por the questions and the replies at different times, see Tables III-4, III-5, III-8, III-11, and III-12.

[^69]:    ${ }^{\text {a }}$ Based on five questions on attitudes and expectations. The method for calculating the Index is get forth in Chapter 14 of this volume.
    $b_{\text {Pall }} 1956=100$.
    $c_{\text {Fall }} 1959=100$.

[^70]:    ${ }^{\text {a Respondents not giving a definite anawer to both questions are ouitted from }}$ the tabulation. The two questions are noted in Table III-2.

[^71]:    *Less than 0.5 percent.
    The question asked was 'Now looking ahead - do you think that a year from now you people will be better off financially, or worse off, or just about the same as now?"

[^72]:    This 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 gurvey.

[^73]:    $a_{\text {Not coded separately; included in "Don't know" prior co November-December } 1966 . ~}^{\text {n }}$.
    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?"

[^74]:    *Lese than 0.5 percent.
    ${ }^{\text {a }}$ Not avallable.
    Note: Responses reported here were made to the query "Why do you say so?" following each of the three questions in Table III-20.

[^75]:    $1^{1}$ See Leslie Kish, "Standard Errors for Indexes from Complex Samples," Journal of the American Statistical Association, June 1968.

[^76]:    ${ }^{\text {a }}$ Primary sampling unit (complete definition and explanation is given early in Chapter 14).

[^77]:    ${ }^{\mathrm{b}}$ Standard metropolitan statistical area.

[^78]:    ${ }^{a}$ The values shown are the differences required for significance (two standard errors) in comparisons of percentages derived frantwo different subgroups of a aurvey.

[^79]:    ${ }^{\text {a }}$ See the text of Chapter 14 for the method used to calculate relative scores for the various questions.

[^80]:    ${ }^{3}$ Occupation when working is shown.

[^81]:    *Less than 0.5 percent.

