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# FAMILY ECONOMICS REVIEW

Consumer and Food Economics Research Division, Agricultural Research Service,  
UNITED STATES DEPARTMENT OF AGRICULTURE

A quarterly report on current developments in family and food economics and economic aspects of home management, prepared for home economics agents and home economics specialists of the Cooperative Extension Service.

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# NATIONAL ECONOMIC SITUATION AND OUTLOOK FOR 1966

James P. Cavin  
Economic Research Service, USDA

The Gross National Product (GNP) for the third quarter of 1965 attained an estimated annual rate of \$677 billion. This is about 6.5 percent higher than the same quarter of 1964. Even after allowing for a rise in the general price level, the increase was nearly 5 percent.

We have now completed the 18th quarter of continuous economic growth--the longest peacetime expansion on record. The end product of the expansion, in real terms, has been a rise of about 27 percent in the disposable income of consumers and nearly 19 percent in their income per capita.

Private domestic investment, government purchases, and personal consumption expenditures have contributed to the 1965 advance. In the third quarter of 1965 gross private domestic investment totaled over \$9 billion, or about 10 percent, above the third quarter of 1964. Government purchases of goods and services were up \$6.4 billion, or 5 percent, and consumer expenditures nearly \$28 billion, or 7 percent, above the third quarter of 1964.

The rise in total economic activity has been accompanied by increases in employment, wages, and consumer incomes. In the third quarter of 1965 unemployment averaged 4.5 percent of the civilian labor force, compared with 5.1 percent a year earlier. Average weekly earnings in manufacturing were up about \$3.50, and consumer disposable income was up 7 percent above the third quarter of 1964. Retroactive payments to cover increased social security benefits contributed to this sharp advance.

The rise in consumer expenditures largely reflects the advance in consumer incomes. However, a rising volume of consumer credit, the excise tax cut, and continuing effects of the 1964 tax reduction have enlarged the influence of consumer spending. From early 1961 to early 1964 consumers increased their purchases about \$5 billion a quarter; since the tax cut the increase has been stepped up to about \$7 billion a quarter (see table below).

Consumer income, outlays, and savings, third quarter, 1963-65

Item	1963	1964	1965	Percent change	
				1963-1964	1964-1965
	Bil. dol.	Bil. dol.	Bil. dol.		
Disposable personal income 1/	406.1	440.3	471.3	8.4	7.0
Total personal outlays 1/--	386.3	415.3	444.1	7.5	6.9
Personal savings 1/-----	19.8	25.0	27.2	26.3	8.8

1/ Seasonally adjusted.

Rather marked price rises have occurred in the last 12 months. Wholesale prices have risen 2.3 percent and consumer prices 1.7 percent. Services accounted for 55 percent of the rise in consumer prices and food for 30 percent.

Prospects for 1966 indicate a further increase in the GNP, accompanied by advances in employment and consumer incomes. Increases in private investment in new plant and equipment, government purchases of goods and services, and consumer expenditures are expected to make the most significant contributions to the general advance. No large changes are expected in residential construction and net exports.

The steady uptrend of State and local outlays is expected to continue in 1966. A rise in the rate of Federal spending, largely because of expanding defense requirements, is also anticipated. In addition, new Federal programs affecting housing, education, recreation, health, and regional development programs will directly or indirectly contribute to greater economic activity.

Advances in output and employment in 1966 will be accompanied by a rise in consumer disposable income which should at least match the percentage rise in GNP. Consumer incomes are currently being bolstered by higher wage rates, the 7 percent increase in monthly benefits under Social Security, and larger government payments resulting from military and civilian pay bills. The continued effect of these factors will help to offset the impact on consumer income of the increased Social Security tax beginning January 1966. In the second half of 1966 benefit payments under the Medicare program will provide new supplements to income.

The anticipated rise in consumer income will be paralleled by increases in consumer expenditures. Recent surveys of consumer buying intentions indicate continuing large outlays for automobiles and other durables. The excise tax cut in January 1966 should provide added stimulus for consumer purchases.

Continuation of the current economic advance is rather generally anticipated in 1966, but there has been concern with two aspects of the Nation's economy: The U.S. balance of payments and wholesale and retail prices that have risen above their longtime trends in 1965.

The balance of payments improved considerably in the second quarter. Major factors in this improvement were a substantial decline in the outflow of private capital and an increase in net exports of goods and services. It seems probable that merchandise exports will be an important positive influence during 1966. The value of agricultural exports is expected to exceed that of the past 2 years, with dollar sales accounting for a somewhat larger proportion of the total. It is expected that manufactured goods will maintain their competitive position in world markets.

Concern about price stability stems from such developments as the rapid expansion of demand, increases in wage rates, and defense expenditures. However, important factors making for price stability will be present--the anticipated rise in business investment means expansion of industrial capacity; advances in wages have been matched generally by increased productivity, tending to stabilize average unit labor costs; the 1965 spurt in food prices is not



expected to be repeated; and required increases in defense expenditures will affect limited sectors of the economy.

Taking all factors together, we look to 1966 as another year of vigorous and generally well-balanced economic growth.

## CLOTHING AND TEXTILES: SUPPLIES AND PRICES

Virginia Britton  
Agricultural Research Service, USDA

### Clothing Expenditures

In 1964 over \$33 billion was spent by consumers to buy clothing and shoes, according to the Department of Commerce series on personal consumption expenditures. Per capita expenditure in constant dollars was the highest in the history of the series dating back to 1929. It was 7 percent higher than in 1962 or 1963 and 4 percent above the previous alltime peaks in 1943 and 1946.

Part of the increased purchase of clothing is a result of rising incomes, and part of it is related to the increasing proportion in the population of persons at the age of maximum clothing expenditures. The proportion of 15- to 24-year-olds was up from 13 percent in 1956 and 1957 to 15.3 percent in 1964, and is expected to reach 17 to 17.5 percent in 1970.

In 1964 clothing made up 8.4 percent of personal consumption expenditures (table 1). Although this is a small increase from the longtime low of 8.2 percent in 1963 it may signal a reversal of the downward trend.

Table 1. Clothing expenditures per capita, in 1958 and current dollars and as a percent of expenditures for personal consumption

Year	Expenditures per capita		Percent of personal consumption expenditures	
	1958 dollars	Current dollars	1958 dollars	Current dollars
1929 -----	149	77	13.0	12.1
1930-40 --	122	51	11.8	10.7
1941-46 --	151	100	11.8	12.9
1947-61 --	144	140	9.0	9.4
1962 -----	152	159	8.4	8.3
1963 -----	153	161	8.2	8.2
1964 -----	163	174	8.4	8.4

Source: U.S. Department of Commerce.

## Clothing Prices

Consumer prices.--The consumer price level for apparel has risen 1.2 percent over the year September 1964 to September 1965, as measured by the Apparel and Upkeep component of the Consumer Price Index (table 2). This contrasted with a 1.7 percent rise in the index for all items. The pattern of unequal increases in prices of the apparel subgroups continued, with footwear and men's and boys' apparel leading. In the year ending September 1965 the index for footwear increased 2.3 percent, men's and boys' apparel 1.2 percent, and women's and girls' apparel 1.4 percent.

According to trade reports, prices of men's suits were rising 5 to 10 percent this fall. Many shoes for men are \$1 above last year in a fall-winter catalog, but children's clothes show little change in price.

Table 2.--Percentage change in selected indexes of consumer prices

Index	1961 to 1962	1962 to 1963	1963 to 1964	September 1964 to September 1965
Consumer price index -----	+1.2	+1.2	+1.3	+1.7
Apparel and upkeep index 1/	+ .6	+1.2	+ .9	+1.2
Men's and boys' apparel --	+ .5	+1.4	+1.3	+1.2
Women's and girls' apparel	- .1	+ .8	+ .6	+1.4
Footwear -----	+1.4	+1.1	+ .5	+2.3

1/ Also includes infants' wear, sewing materials, jewelry, and apparel upkeep services, for which separate indexes are not available.

Source: Bureau of Labor Statistics.

Wholesale prices.--The index of wholesale prices of apparel rose only 0.8 percent from September 1964 to September 1965. Changes were negligible for 3 of the 6 apparel categories, but noticeable for 3. Men's and boys' apparel increased 2.0 percent and knit outerwear 1.3 percent, whereas infants' and children's apparel fell 1.3 percent. The wholesale price index for leather footwear advanced 1.8 percent. Men's and boys' footwear increased 2.7 percent, children's and infants' 2.3 percent, and women's and misses' rose 1.1 percent.

Wholesale prices of the two most important types of household textiles changed only slightly. Wool and part wool blankets increased 0.7 percent and cotton housefurnishings rose 0.2 percent.

## Prices and Supplies of Fabrics and Raw Materials

In 1962 farm prices of raw cotton accounted for about 15 percent of the consumer's dollar spent on cotton apparel and housefurnishings, and raw wool accounted for 12 cents of the dollar on wool items. Uncured hides accounted

for less than 4 cents of the retail dollar of leather products as a whole. In a shoe retailing for \$9.95 the value of the raw leather is 50 cents; tanning and transportation about \$1; material for soles and linings \$1; labor, profit, and overhead for the manufacturer \$3; and labor, profit, and overhead for the retailer \$4.45.

While raw fibers comprise a small part of the retail price of finished apparel and household textiles, they comprise 50 to 60 percent of the cost of a yard of cloth. Therefore, manufacturers vary the fiber mix to maximize use of the fibers with relatively lower prices. Reductions in prices of manmade fibers, increases in production, and improvements in quality and suitability for specific uses have made manmade fibers strongly competitive with apparel wool and domestic cotton. Prices of these natural fibers have been maintained above their free market prices by the import tariff on wool and price supports for cotton. Under new legislation, price support loans to cotton producers are reduced below world cotton prices for the next 4 years. The new legislation may increase the minimum support level for wool.

In the 12 months ending September 1965, wholesale prices of fabrics increased 15 percent for silks (which are small in the total picture), 7 percent for leather, 3 percent for wool broadwoven fabrics, and 2 percent for cotton broadwoven goods. Prices fell fractionally for knit outerwear fabrics of wool, and decreased 2 percent for broadwoven goods of manmade fibers and 7 percent for knit goods of manmade fibers.

In the same 12 months, wholesale prices of filament yarns and fibers declined 1 percent and spun rayon yarns 0.5 percent. Wool yarns increased 0.6 percent and cotton yarns increased almost 2 percent.

Prices of some raw material changed enough during the year ending September 1965 to have some influence on the prices and fiber-mix of clothing in 1966. Hides and skins rose 31 percent, which partly explains the expected rise in the price of shoes. Raw silk rose 20 percent. But prices fell 7 and 13 percent, respectively, for domestic and foreign apparel wool. Prices of raw cotton fell 3 percent and, in addition, since August 1964 domestic mills have received payments designed to equate the prices they pay for raw cotton to the prices paid by foreign mills. These decreases may lead to increased use of cotton and wool fibers. They may have a dampening effect on price advances for apparel of cotton and wool.

Prospective supplies of fibers appear ample. The 1965 cotton crop is expected to be 14 percent above expected use in domestic mills and export. Use by domestic mills is expected to be the highest since 1952-53, because of advancing economic activity and the improved price of cotton in relation to its competitors. U.S. mills are expected to use approximately 15 percent more apparel wool in 1965 than in 1964. If demand for wool increases in the major manufacturing countries as it has in the United States, a moderate price rise can be expected in late 1965 and early 1966.

Production of manmade fibers in 1964 was 14 percent higher than in 1963, and 63 percent above 1960. In the first 6 months of 1965 it was 18 percent

above a year earlier, with rayon up 8 percent, acetate yarn 11 percent, textile glass fiber 18 percent, and noncellulosic fiber (excluding textile glass fiber) 28 percent. The quantity of noncellulosic fiber produced was 2.4 times as great as in the first 6 months of 1960. Construction of several additional plants is under way, which is expected to increase capacity by 26 percent over December 1964 in 2 years.

U.S. production of cattle hides in 1965 is expected to be higher than in 1964. Demand for leather is expected to be higher because of the increased amount used for high leather boots, loafers and casuals, and military footwear. There is less demand for patent leathers made from leather.

### New Products and Developments

Results of recent research and development activities are becoming increasingly available on the consumer market. Strong consumer interest is shown in permanently pressed clothing, especially men's and boys' slacks. One source reports sales of such slacks for boys were up 40 percent from the previous fall, even though they cost up to \$2 more than regular slacks. A large manufacturer expects good sales of a permanent-press shirt (claimed never to need the touch of an iron) that he is introducing.

Consumers and producers are showing increased interest in shrink-resistant wools and other recent developments. WURLAN-treated wools in woven fabrics, machine-knitting yarns, and knit garments are available on the retail market under the manufacturers' trademarks, according to USDA's Western Utilization Research and Development Division, developer of the process. More companies are producing stretch yarns. Spandex type yarn is now available in socks and ladies' support hose.

Vectra hosiery, made of olefin fiber, was launched on the market last fall and winter. It is claimed to be more snag resistant than nylon, warmer in winter and cooler in summer. Its limited range of colors and lower resiliency may slow its capture of the nylon market.

The leather substitute Corfam is now generally available in higher priced shoes. It is scuff-resistant, durable, and easier to clean than leather. It does not conform to the foot as leather does, so the original fit is very important. Its breathability appears to be sufficient for some consumers. About 20 leather substitutes are available for low-priced shoes.

An amendment in June to the Textile Fiber Products Identification Act permits the mention on labels of fibers constituting less than 5 percent of the fabric, if they have functional significance. For example, a product may be labeled 97 percent acetate and 3 percent spandex--for elasticity--instead of 3 percent "other fibers." An amendment to the Wool Products Labeling Act requires that a label on wool apparel stating "Imported Fabric" must name the country of manufacture of the fabric. The purpose is to prevent consumers from assuming the fabric comes from a country famous for superior wool products. This amendment goes into effect in November 1965.



## Outlook

The recent increase in the importance of clothing expenditures in the budget may herald the start of an upward trend. The outlook for supplies of apparel is good. Manufacturers will undoubtedly try new blends of manmade fibers and new varieties of them on the market. We anticipate wider use of recently developed methods for improving the end-use properties of materials.

The next few months may see notable price advances for certain apparel. Increased shoe prices may appear with the spring lines in December-February. These may be 50 cents to \$1 a pair on low- and medium-priced shoes, and as much as \$2 on some higher priced shoes. Prices of children's clothing may be 5 to 10 percent higher in spring 1966 than in 1965.

## FOOD CONSUMPTION, PRICES, AND EXPENDITURES

Stephen J. Hiemstra  
Economic Research Service, USDA

### Food Expenditures

Expenditures for food are totaling about \$85½ billion in 1965. Income after taxes so far in 1965 is up about 6½ percent from a year earlier, and expenditures for food are up about 6 percent.

Higher retail food prices account for about one-half of the 6-percent increase in food expenditures in 1965. About 1 percentage point of the increase is caused by the increase in total consumption of food (a combination of the 1.3 percent population growth and the one-half of 1 percent decline in per capita consumption). Two percentage points are attributed to an increase in marketing services. The much greater increase in sales by eating and drinking places than by retail food stores shows evidence of this. Food sold in restaurants contains more marketing services per unit of food than does food sold in grocery stores.

Food expenditures in 1965 are averaging about \$439 per capita, compared with \$420 in 1964. The expenditure of the average family, which consists of 3.7 persons, is \$1,469. This amounts to \$28.25 per week.

### Food Consumption and Supply

Food consumption per capita (in terms of the food consumption index) is declining about one-half of 1 percent in 1965; it rose about 1 percent in 1964. The decline is centered in livestock products, whereas last year the use of these products increased. In terms of calories, per capita consumption is down about 1 percent in 1965. In 1966 per capita consumption of food likely

will be about equal with 1965, but a further decline is expected for livestock products. Consumption of food from crops increased both in 1964 and 1965 and a further gain is anticipated in 1966.

Military food procurement is likely to increase in 1966. Military use usually accounts for only about  $1\frac{1}{2}$  percent of total use of farm commodities, so it would take a relatively large increase to cut deeply into civilian supplies. Nevertheless, increased military procurement probably has exerted price effects in markets for selected products. This situation likely will continue.

In 1964 foods donated by the USDA to schools, institutions, and needy persons accounted for about  $1\frac{1}{2}$  percent of total food consumed. This is up from one-half of 1 percent in 1960. The increase in donated foods accounted for much of the  $1\frac{1}{2}$  percent increase in per capita food consumption between 1960 and 1964. The Food Stamp Program, not included in the above estimates of food donations, also is stimulating food consumption. On September 30, 1965, some 650,000 persons were covered by this program. The USDA's goal is to extend the program to a million people by mid-1966. The donations also do not include local purchases for school lunches that account for about three-fourths of school lunch food, nor the Special Milk Program.

Total production of farm commodities in 1965 is up more than the population. The increase is all on the crop side, since production of livestock products is down slightly. The increase indicated for crops is 7 percent, according to current expectations, so end-of-year stocks are expected to increase. Both exports and imports of farm commodities are declining slightly during 1965.

### Retail Food Prices

Because fewer food supplies reached the consumer in 1965, retail food prices increased rather sharply. Farm prices rose strongly for some products, and the margin between farm and retail prices declined. Price increases so far in 1965 have been larger for food at the grocery store than food in restaurants and other away-from-home eating places, but restaurant prices are beginning to catch up. Food prices have increased more so far in 1965 than has the Consumer Price Index--a switch from the usual situation.

Average retail food prices are expected to increase again in 1966, but the increase is not expected to be as large as that in 1965. Increases likely will be greatest for food purchased and consumed away from home, for livestock products, and for processed foods.

### Livestock Products

Meat prices have been a major factor behind the increase in average retail food prices in 1965. All meats increased, with the largest increases for pork and lamb. Pork prices are at record levels, and beef prices are well above a year earlier.

The rise in meat prices is a reaction to reduced meat supplies per capita in an expanding economy. The decline is most pronounced in pork, with consumption down 5 pounds per capita. Beef is down 1 pound and lamb a half pound per capita. Poultry consumption is increasing about 2 pounds per capita.

Consumption of other livestock products--dairy products, eggs, and animal fats--also is declining in 1965. Consumption of fats and oils declined about 1 pound and prices of these products increased sharply, partly as a result of higher soybean prices early in 1965.

The outlook for 1966 is for a further decline in per capita consumption of meat, though probably less than in 1965. Pork again is expected to account for most of the decline. With reduced supplies, further price increases can be expected for meat. However, the increases are expected to be much smaller than those experienced in 1965. If pork supplies increase late in 1966, as expected, pork prices then likely will be below current levels.

### Crop Products

The increase in per capita consumption of crop products in 1965 was due mostly to an increase in citrus fruit. Fresh citrus consumption is rising about 3 pounds per capita to about the 1962 level--prior to the major freeze damage that cut supplies for 2 years--and prices in 1965 are lower than in 1964. Consumption of frozen orange juice concentrate is up about a third in 1965. Current crop conditions point to a further gain in citrus supplies in 1966, and prices likely will decline again.

The increase in consumption of citrus is more than offsetting some declines in consumption of other fruits in 1965. Per capita consumption of fresh apples and pears is down, though fresh peach use is up. Canned fruit consumption is up slightly, particularly for pears. However, sharply reduced harvests of fruit for processing are resulting in much lower packs for peaches, pears, fruit cocktail, and cherries. Prices for these items likely will increase in coming months.

Short supplies of some fresh vegetables in spring 1965 triggered some price gyrations but total annual consumption was not materially affected. Fresh vegetable supplies in fall 1965 are moderately larger than a year earlier. Supplies of frozen vegetables are larger but supplies of canned vegetables are about the same as a year earlier. Supplies of processed tomatoes and dry edible beans are down, so prices for these products likely will rise. Prices of processed fruits and vegetables averaged lower in 1965 than in 1964, but increases are probable during 1966. Several price advances already have been announced at wholesale for canned fruits and vegetables.

Potato consumption dropped off sharply in 1965 because of a short crop in the fall of 1964 and reduced supplies during the first half of 1965. The decline in consumption averaged 5 or 6 pounds per capita. Consumption of processed potatoes increased, but this was more than offset by the decline for potatoes used fresh. The drop in supplies resulted in a sharp increase in

potato prices through mid-1965. The potato crop is expected to be about one-fourth larger in 1965 than in 1964, so prices likely will continue considerably below a year earlier during the first half of 1966.

## HOUSEHOLD EQUIPMENT AND FURNISHINGS: SUPPLIES AND PRICES

Ethel D. Hoover  
U.S. Department of Labor

Production and sales of household equipment during 1965 were high, and for a few items--like color TV--exceeded the most optimistic forecasts. Part of the high level of consumer purchases is due to the fact that there are more people, and that a larger proportion of the population is young people who marry and begin their life as a separate family. Part is due to increased spending with the increases in wages and salaries. The influence of goals and expectations in our daily living must also be accounted a factor. As young people establish homes they include in them many kinds of convenience equipment that not too many years ago were thought of as luxuries or were not even in existence. Older families replace outmoded equipment sometimes long before it is worn out. During 1964, 50 to 65 percent of the refrigerators, stoves, washers, and black and white TV sold were replacements.

The consumer's willingness to pay the price for quality products and distinctive styles, and the industry's wholehearted cooperation in supplying the products to meet consumers' wants (or generating wants) promise another active year for household equipment in 1966. On prices, no consistent pressures that would affect all or most equipment items appear in the making, but rather a continuation of the moderate increases for some items and decreases for others that we have been experiencing during the last several years.

### Supply and Demand

In 1965 production of household goods was at an alltime high level. Compared with 1964, appliances, furniture, rugs, and miscellaneous household goods are up by 5 to 7 percent, TV and radios 14 percent. The most striking increases are in the electronics field, with color TV topping all others. Sales of color TV are estimated at about 80 percent greater in the first 6 months of 1965 than in the corresponding period of 1964. Radios and portable phonographs increased by 33 percent or more, portable dishwashers 26 percent, electric clothes dryers 15 percent, and room air conditioners 14 percent.

With a growth rate of about 24 percent in the 20-to-29-year age group of the population projected for the next 5 years, producers and dealers expect continued increases in sales of household goods. There are few retailers who do not feel that there will be some increases in buying by consumers, but probably not at as large a growth rate as in 1965. Spotty areas of slow retail



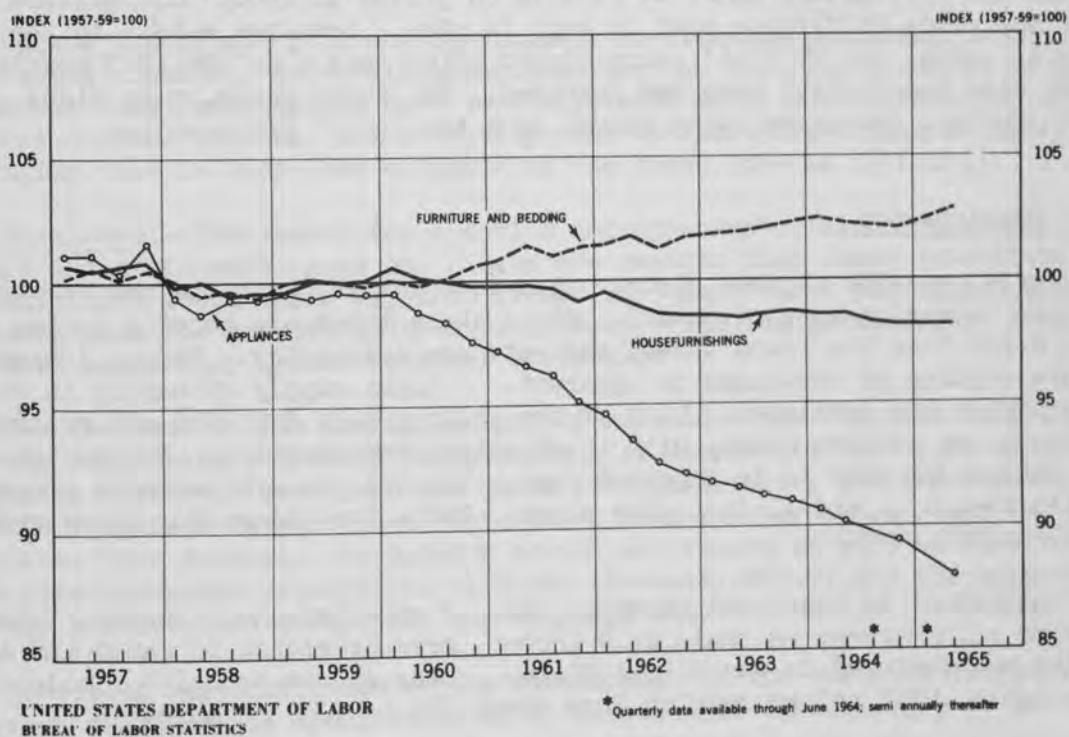
sales are showing up in appliances and furniture. Various reasons are being advanced, such as sluggishness in new housing starts, the appeal to consumers of TV and stereo over the more prosaic kitchen and laundry equipment, and the fact that sales have been so good that some weakness is to be expected as a higher degree of ownership of appliances and furniture is reached.

All reports indicate that consumer confidence in continued prosperity will lead to a continuation of the buying patterns of the last several years. "Trading up" to higher quality, particularly in furniture and furnishings, and purchases of products to increase convenience and entertainment have been evident.

### Trends in Prices

During the past 5 years the general trend in prices for all housefurnishings combined has been slowly downward. In June 1965, the index for housefurnishings was 2 percent below the average for 1957-59. (See chart.) After mid-year the removal of Federal excise taxes from some appliance items was a contributing factor in bringing the index down to the lowest level since August 1950. This downward movement for housefurnishings is in contrast with the upward movement in the Consumer Price Index for all goods and services. The latter index in September 1965 was about 8 percent higher than at the beginning of 1960, while the index for housefurnishings was 3 percent lower.

### Consumer Price Index ALL HOUSEFURNISHINGS AND SELECTED SUBGROUPS



The major influence in the downward trend of the housefurnishings index was appliances. The chart shows the moderate upward movement in prices for furniture and bedding, for an increase of about 3 percent in 5 years, and the steady downward movement for appliances, TV, and radio, for a decrease of more than 10 percent. Floor coverings and textile housefurnishings, such as sheets and towels, fluctuated moderately, for a net increase of about 1 to 1.5 percent.

Over the past year prices of all the appliance items sampled for the index declined--the decreases ranging from 0.1 percent for kitchen ranges to about 7 percent for room air conditioners. Floor coverings and furniture and bedding showed the usual pattern of some increases and some decreases.

The price trends discussed relate to merchandise of approximately the same quality. When quality differs from one pricing date to another, the Bureau of Labor Statistics uses the best information available on the value of the quality difference, and eliminates that value from the price before computing the price change. Hence, the BLS indexes for many commodities differ materially from simple comparisons of prices for goods that have different quality characteristics at two periods of time. For example, in one city the average price for a refrigerator priced at the beginning of an 8-year period was \$233 and at the end \$247--an increase of about 6 percent. Over this same period the BLS price measure showed a decrease of 21 percent, because BLS had eliminated the effect of size increases, greater frozen food storage capacity, changeover from manual defrost to automatic or frost free, and addition of accessories.

When the forecasting glass is focused on prices in 1966, this mixture of quality and price difference must be kept in mind. Some new models in the appliance, radio, and TV field carry higher price tags than the 1965 models, but they also incorporate many new features. For these goods, most signs point to further decreases, when viewed from the "pure" price angle.

### Product Developments

Television.--The current glamour item is color TV, with the new rectangular tube receiving most attention. Since these tubes are about 5 inches less in depth than the round tubes, the sets are less bulky. Hence, increased furniture styling of the cases is apparent. A tight supply situation in rectangular tubes has developed. Many of the color models for 1966 are expected to be in 21- or 22-inch sizes, with round tubes predominating. Before the end of the 1966 model year it is expected that color will be available in portable sets with 19-, 15-, and 11-inch tube sizes. Tentative prices for these models range from \$250 to \$450.

"Tinyvision" in black and white is also of considerable interest. These sets, some with screens as small as 4 inches, were developed in Japan and are now being manufactured in the United States. Plug-in and transistor models are available, with prices ranging from about \$70 to \$200 or more.

Ranges.--For kitchen ranges there is continuing effort to provide easy cleaning features such as teflon-coated and other removable oven liners, intense heat self-cleaning ovens, and lift-off doors, top heating elements, cooking surfaces, and rack supports. Some new stoves have such features as programmed cooking, no-turn broilers, and meat probes. The development of a microwave oven for home use appears to be almost at the point where production will be of more than token proportions. One producer recently announced that he will begin to test-market a microwave oven in spring 1966 at the \$400 level.

Laundry equipment.--One of the 1966 washer models represents a significant advance in engineering adjustments to automatic washers to provide controls needed for the many kinds of fabrics available. This model has solid state controls that allow an infinite number of settings within set limits for agitation and spin speeds. It is being introduced as the top of the company's line. The units will be 16-pound capacity and will probably sell for between \$230 and \$350. A matching dryer will be available.

Refrigerators.--For refrigerators the filter-down process of desirable or popular features is very evident. Some manufacturers have the frost free feature in about half of their total line; some in all but the least expensive models. The automatic ice-maker was in about 90,000 of the units sold last year; the estimate for this year is for about 175,000 units, and even higher for 1966. Other features being added are 7-day meat keepers and adjustable many-position shelves. Attention is also being given to movability. In the last several years, wheels were provided on some models. This year, one producer on some models has added an air cushion device activated by fingertip control that floats the refrigerator a fraction of an inch above the floor so it can be moved with little effort.

Vacuum cleaners.--A recent development in cleaning equipment is the cordless vacuum cleaner. Price differentials over the cord types amount to \$50 and more. Some reservations have been expressed as to how satisfactory the cordless cleaner will be, since running time is short (less than an hour) and recharging time is long (one estimate of the least time is 17 hours).

Furniture.--The search for plastics and other materials to replace veneers and solid woods goes on. There are reports that these substitute materials have found their way into frames for upholstered pieces and plastics are being used for drawers and drawer guides. Plastics processed to look like wood have apparently gained consumer acceptance.

The increase in the average height of men and women--about 2 inches since 1900--is one of the points in the promotion of larger size beds, in addition to greater comfort. The king- and queen-size mattresses, and the sheets and blankets for these larger sizes represent a much greater outlay than for standard sizes. For example, one catalog showed mattresses at \$150 to \$300 for large sizes compared with \$59 to \$159 for standard, \$52.97 for the king-size electric blanket, and \$28.97 for the standard size.

Household textiles.--One coming development in the curtain, drapery, and bedspread field is the application of a "no-iron" or "durable-press" process for pleats, creases, and shapeholding.

Styling.--Promotional efforts this year and undoubtedly next year are on decorative effects at relatively high prices. Color-keyed appliances have become quite common. The brochures of one producer show the same designed fronts available for all the kitchen equipment, including refrigerator, range, built-in oven, and dishwasher. Whether a significant volume of buyers will be willing to pay the price for high style effects is a question that will probably be answered during the coming year.

## HOUSING: SUPPLIES, PRICES, AND OUTLOOK FOR 1966

Mary Jane Ellis  
Agricultural Research Service, USDA

### Supply, Demand, and Price--the National Picture

By January 1966 the U.S. housing inventory will include about 65 million housing units for a prospective 58 million households. The estimated 7 million vacant units include about 3.5 million vacation or second homes; 1 million units that are rented or sold and not yet occupied, used by migratory workers in season, or dilapidated; and 2.25 million that are for sale or rent.

Since 1960 annual net gains in the housing inventory are estimated to have been somewhat larger than the annual increases in the number of households. As a result the vacancy rate has increased slightly from 9.7 percent of the inventory in 1960 to 10.0 percent in 1965. Increased building of vacation or second homes is responsible for the higher rate, since vacancies in sale or rental housing have remained at 3.5 percent and the number of unoccupied dilapidated units has decreased.

Construction of new units reached a peak in this decade in 1963 and has since declined. The number of new units started during the first 7 months of 1965 was about 4 percent less than in the same period in 1964. The total number of new units started in 1965 may be just under 1.5 million.

Demand for housing changes as changes take place in the number of households. Households have increased by about 2 percent per year since 1960. The average annual growth rate was 4 percent for households of individuals living alone or with unrelated persons, and 1 percent for families headed by husbands and wives. These currently make up about 17 and 72 percent of all households, respectively.

The size of family income and how much of it is allotted to housing limit effective demand for new housing or for improvements. Family income has been rising in the 1960's--the median was \$6,569 in 1964, 17 percent higher than in 1960. Housing (including imputed rental value) now comprises about 15 percent of personal consumption expenditures in the national accounts, compared with 10 percent in 1945. How consumers view the housing market and general economic conditions also affects demand for housing. Surveys of consumer buying



intentions by the Bureau of the Census show that intentions to purchase a house have remained fairly stable in the 1960's.

Since supply exceeds the demand for housing it would be reasonable to expect that prices have declined, but they have not. The major indexes of prices all show upward trends for housing. In the Consumer Price Index, rent and homeownership costs have moved up about 1 percentage point each year since 1960. Mortgage interest rates declined, but sharp increases took place in rates for property insurance and the costs of maintenance and repairs.

Prices of construction materials in the Wholesale Price Index have moved upward rather slowly since 1963. Since 1960 average hourly wages of construction workers have increased about 4 percent annually. In the first 6 months of 1965, the increase was about the same as in comparable periods since 1960.

The Boeckh index of construction costs of frame houses and brick houses has been at an alltime high in 1965--about 3 percent higher than in 1964. Statistics on costs of building privately owned one-family houses (nonfarm only) show these costs have been rising at increasing rates in the 1960's. The average privately owned one-family house cost \$16,050 to build in 1964 and \$13,800 in 1960.

Since most consumers finance the purchase of a house with a mortgage, mortgage interest rates and terms are important in long-run costs. According to the Federal Home Loan Bank Board, the average interest rate on conventional mortgages (not insured by the U.S. government) in September 1965 was 5.75 percent on loans for new homes and 5.89 percent for existing homes. The average term for loans on new homes was about 25 years, for existing homes about 20 years. These figures represent little change from the previous September.

Conventional mortgages financed about 60 percent of the new private non-farm one-family homes sold in the fourth quarter of 1964. About 25 percent were financed by loans insured by the Federal Housing Administration and 10 percent by loans guaranteed by the Veterans Administration. About 5 percent did not require a mortgage. The maximum interest rate on FHA and VA loans has been 5.25 percent since 1961, with an additional 0.5 percent for mortgage insurance on FHA loans.

Mortgage foreclosures have increased every year since 1953 but the rate of increase has been slowing down since 1961. Foreclosure rates for 1964 are estimated at about 3 per 1,000 homes with conventional mortgages, 7 per 1,000 homes with VA-guaranteed loans, and 12 per 1,000 homes with FHA-insured loans.

#### Supply, Demand, and Price in Segments of the Housing Market

Regional variation.--Most of the slowdown in construction of nonfarm housing has been in the Western region where housing starts in the first 7 months of 1965 were about 25 percent lower than in that period in 1964. Construction was down about 2 percent in the South, but up 11 percent in the Northeast and 5 percent in the North Central region. In all regions there was a slowdown

in construction in metropolitan areas, where it declined about 8 percent on the average. Construction in nonmetropolitan areas was up about 4 percent at the end of 7 months in 1965 compared to the same period in 1964.

The costs of rent and homeownership have risen faster during the 1960's in major cities located in the Northeast and the West than in those in the North Central or South, according to the Consumer Price Index.

One-family and multi-family housing.--Construction of one-family homes in the first 7 months of 1965 was at about the same level as in 1964. Construction of apartments was about 11 percent lower than a year earlier, marking at least a temporary cessation of the boom that produced an over-supply of apartments in some areas, particularly apartments in the luxury class. Growth in the number of individuals who maintain separate households has increased the demand for apartments, but not enough to compensate for the relatively small increase in new marriages, the backbone of this demand.

Low-income housing.--Construction was started on about 33,000 public housing units for low-income families in 1964. At the end of the first 7 months of 1965 the number started was up about 34 percent over the same period in 1964. Most of these units are apartments in metropolitan areas.

Most new one-family houses are out of reach of the low-income population. In the fourth quarter of 1964, only 11 percent of new one-family homes had sales prices below \$12,500. The proportion in this price range was as low as 3 percent in the Northeast and the West and as high as 20 percent in the South.

## Outlook

Demand for housing is not expected to increase until 1967-68 when the bumper crop of babies born just after World War II will be marrying. The national supply of housing is expected to be adequate even though levels of new construction for the next couple of years remain about what they have been in 1965. There may be shortages near military installations if more married men are called into service.

Consumer income will probably continue to climb and consumers will continue to spend heavily on housing to satisfy needs that are as much social as physical. Mortgage money is expected to remain abundant, but home buyers may have to pay a somewhat higher rate of interest and make larger downpayments than have been required recently.

In new housing the building industry seems set to offer "more house," i.e. more space, more amenities for the same or generally higher prices. Producer and consumer alike are caught in an upward spiral that converts today's luxuries to tomorrow's necessities. Families whose incomes are not rising will continue to be priced out of a housing market in which standards and prices are continually rising. The Housing and Urban Development Act of 1965 may bring them some relief.

## SOME PROVISIONS OF 1965 HOUSING LEGISLATION

Ralph Turner  
Farmers Home Administration, USDA

The Housing and Urban Development Act of 1965 contains several new programs and improves and extends existing authorizations. It is a major step toward the goal of giving families in cities and rural areas an opportunity to have a decent home.

One of the new approaches to providing adequate housing for families who cannot afford to pay for standard private housing in the regular market is the authority to make supplementary rent payments. Under this program, families whose incomes are below the low income levels that would be established for the area in which they live would receive the benefit of monthly payments sufficient to enable them to occupy privately financed housing. This program must await the appropriation of funds before it becomes effective.

To qualify for rent supplements, tenants--in addition to having low incomes--must be elderly, handicapped, displaced from their homes by Government action, or occupants of substandard housing or housing extensively damaged or destroyed by natural disaster. Tenants would be expected to pay 25 percent of their income for rent. The difference between their payments and the market rent for the units would be made up by the rent supplement payment to be provided by Federal funds. The rent supplement payment would be reduced as the tenant's income increases and would be discontinued entirely when the market rent does not exceed 25 percent of the tenant's income. Tenants could continue to occupy the housing even though they were no longer receiving rent supplement payments.

Under the rent supplement program, certain nonprofit groups, limited dividend corporations, or cooperatives may sponsor housing for low-income families. The Federal Housing Administration will insure mortgages on housing built or substantially rehabilitated for this program.

The 1965 law also authorizes the Federal Housing Administration to insure loans for the development of land for residential subdivisions. Under this program, mortgages may be insured to finance the purchase of land and the installation of improvements such as water, sewer lines, streets, curbs, gutters, sidewalks, and storm drainage facilities. The development must represent sound land use and comply with a comprehensive plan for the development of the area. Consideration must be given to facilities necessary to the orderly development of a community, such as shopping, schools, and recreation.

The new law authorizes the Housing and Home Finance Agency to make grants to local agencies to finance up to 50 percent of the cost of public water and sewer facilities, and two-thirds of the cost of neighborhood facilities such as community centers, youth centers, health stations, and other public buildings for health and recreational services in primarily low- or moderate-income neighborhoods.



Of special interest to families in rural areas is the increase from \$11,000 to \$12,500 in the maximum loan under the Federal Housing Administration program designed to encourage use of its insured loans in small towns and outlying areas.

The 1965 Act made three major changes in the rural housing program of the Farmers Home Administration: (1) The basic program, under which loans are made to individual families, was placed on an insured basis; (2) authority was broadened to permit a rural family to use the loan to buy a building site for their home or to buy a previously occupied home; and (3) the concept of a rural area was extended to include places with not more than 5,500 population that are rural in character. (In the past the Farmers Home Administration has not made loans in rural places with a population of 2,500 or more.)

Under this new program, insured loans can be made by the Farmers Home Administration to families with low or moderate incomes. The interest rate on these loans is 5 percent. Loans may also be insured for families with incomes above the moderate level. These will pay interest rates comparable to the interest and insurance rates on loans insured by the Federal Housing Administration--currently 5-3/4 percent.

The new insured loan program for rural areas is functionally the same as that of the Federal Housing Administration, in that it is a means of giving a family an opportunity to obtain long-term credit from local money sources. However, it operates somewhat differently to meet the needs of rural families, most of whom have relatively low incomes and little experience with loan and construction practices. The insured loan is made available to the family for the actual construction or improvement of the house. The loan is supervised and serviced by the Farmers Home Administration. Families interested in obtaining such a loan may apply at the Farmers Home Administration office serving the county in which the property is located. FHA employees accept the application and check on the applicant. A committee of three local residents determines whether the applicant is eligible. Most loans are approved locally.

The Farmers Home Administration has several programs relating to housing for the rural elderly. One of these provides for direct loans to low-income elderly rural families to help them build, buy, or improve a home. A cosigner may be used on the note when the elderly applicant does not have sufficient income to repay the loan. The 1965 law continues a maximum 4 percent interest rate on these loans and permits amortization periods up to 33 years.

Another of the Farmers Home Administration housing programs for the rural elderly provides for direct loans to private nonprofit organizations and consumer cooperatives to finance rental housing for elderly rural families with low or moderate incomes. This housing may be in separate houses, duplexes, or apartments designed for independent living. The loans bear 3 percent interest, a new maximum established by the 1965 housing law. They may be repaid over a 50-year period.

The Farmers Home Administration may also insure loans for rental housing for the rural elderly. These loans may be made to private individuals or to organizations interested in providing housing for the rural elderly and making



a profit from the rental of this property. The loans bear 5-3/4 percent interest, and they are repayable over a period of up to 40 years. To date we have made and authorized approval of 125 of these loans. The average cost per unit has been about \$7,000, with rents ranging from \$35 to \$105. In 1965 authority to insure loans for rental housing has been extended for 4 years.

Adequate housing for the elderly can be provided through community action. For example, in Oak Grove, Mo., a group of local citizens formed a nonprofit organization. Membership contributions provided the initial capital needed to start a senior citizens rental housing project. The Farmers Home Administration made a loan of \$108,000 to finance 20 units and a recreational building. The rents are reasonable, ranging from \$35 to \$40 a month. The organization already has requested a subsequent loan to build more units.

Last year the Congress authorized a program under which grants could be made up to two-thirds of the cost of construction of housing for domestic farm laborers. These grants are available to public bodies and nonprofit organizations interested in providing such housing as a community service. In 1965 the amount authorized to be appropriated for grants was increased from \$10 million to \$50 million, and the authority was extended for 4 years. An appropriation of \$3 million is available this year to start this program.

The Farmers Home Administration has for many years had authority to make loans to finance water systems in the open country and in rural towns with population up to 2,500. A new law passed in 1965 recognizes that in many cases water and waste disposal systems in rural areas are not economically feasible, if they must be financed solely with loan funds. The law (1) authorizes grants, not to exceed 50 percent of the construction cost of the project, to supplement loans for rural water and waste disposal systems; (2) authorizes grants for planning water and sewage systems; (3) increases from \$1 million to \$4 million the maximum size of loan--or combined loan and grant--for such systems; and (4) increases from 2,500 to 5,500 the size of rural towns eligible for such assistance.

This legislation will reduce the initial cost of rural homes and stimulate their construction and improvement. Moreover, the installation of adequate sewage plants will reduce the pollution of our lakes and streams. The Congress has made \$20 million available for grants to start this program. It has also increased the loan insurance authority for financing water distribution and waste disposal systems.

#### SOCIAL SECURITY AMENDMENTS AFFECTING OASDI

On July 30, 1965, President Johnson signed into law a group of amendments to the Social Security Act that will affect most U.S. residents. Of particular interest are the provisions for medical care for the aged and the changes in the provisions of old-age, survivors, and disability insurance (OASDI).

## OASDI Changes Effective in 1965

A 7-percent increase in monthly payments to OASDI recipients became effective, retroactive to January 1, 1965. Persons already receiving such payments got a special check in September for the amount due for the months January through August. The regular monthly check reflected the increase beginning with the one for September received in early October. OASDI benefits for new applicants will be calculated at the new rate, which boosts the maximum payment for a retiree from \$127 to \$135.90 a month.

Effective in September 1965 were the following provisions:

- The widow of an insured worker may begin receiving benefits at age 60 if she elects to do so. However, she will get less each month than if she waits until she is 62 years old.
- A divorced woman may receive benefits on her former husband's social security, if she had been married to him for 20 years before the divorce and if he was contributing to her support when he became entitled to benefits or died. Previously she could qualify only if she had in her care a child receiving benefits based on his earnings.
- A woman eligible for a widow's benefits, who remarries after age 60, can receive whichever is larger: One-half the retirement benefit of her former husband, or a wife's benefit based on the earnings of her present retired husband.
- Persons 72 years old or over who could not receive benefits before because they had not worked long enough in covered employment may be eligible for a small monthly payment. Although some coverage is required, it is less than previously for certain people 72 and over.
- A worker who has been disabled for 12 consecutive months, or whose disability is expected to last at least 12 months, may qualify for disability benefits. Previously he could qualify only if his disability was expected to last indefinitely or to result in death.

Doctors Get Coverage.---Self-employed doctors of medicine will be covered by social security and have their earnings count toward OASDI benefits. They will pay the tax on their 1965 earnings.

## Amendments Effective After 1965

Three more groups to benefit.---Two groups of workers will begin building toward larger future benefits by paying the social security tax on more income than before: (1) Workers who receive tips amounting to \$20 or more a month on one job will pay the tax on these tips beginning in 1966; and (2) self-employed farmers with gross income of \$2,400 or less may pay the tax on two-thirds of the gross instead of on net earnings, for taxable years beginning after 1965.

OASDI beneficiaries who want to supplement their social security payments by working will also gain by the 1965 amendments. In taxable years ending after December 31, 1965, they may earn up to \$1,500 a year without losing any of their benefits. (Previously \$1,200 was the limit.) If they earn more than \$1,500, \$1 will be withheld for each \$2 earned between \$1,500 and \$2,700, and \$1 for each \$1 earned over \$2,700. Two exceptions are: No deduction will be made in any month a beneficiary earns no more than \$125 working for someone else or for substantial work in a business of his own, regardless of how much he earns the rest of the year; and no deductions will be made if he is 72 years old or over, no matter what he earns.

Social security tax increased.--To help pay for the increased benefits and added programs provided for in the 1965 amendments, the social security tax will go up starting January 1, 1966. Both the tax rate and the tax base will be higher. A wage or salary worker in a job covered by social security will pay 4.2 percent (including 0.35 percent for hospital insurance) of his earnings up to \$6,600 a year, compared with 3.625 percent of earnings up to \$4,800 in 1965. The maximum amount of tax will be \$277.20 in 1966, compared with \$174 in 1965. For a self-employed person the tax will be 6.15 percent (including 0.35 percent for hospital insurance) of earnings up to \$6,600 (formerly 5.4 percent of up to \$4,800).

#### Future Monthly Benefits

Workers in jobs covered by social security will be able to look forward to larger OASDI benefits, when they or their families become entitled to them, than beneficiaries formerly received. Their earnings up to \$6,600 for years beginning 1966 will be used in calculating the average income that determines the size of the benefit payment. The maximum income credited for this purpose was \$4,800 in 1959-1965, \$4,200 in 1955-1958, and \$3,600 in 1951-1954. Eventually, the check for a retiree whose average yearly earnings under social security are \$6,600 or more could be \$168 a month, compared with the present maximum of \$135.90. The table below gives examples of monthly payments for various OASDI beneficiaries, under provisions of the 1965 Social Security Amendments.

#### For Further Details

Complete details about the 1965 amendments are available from local Social Security offices.

Monthly OASDI payment, by type of benefit and average  
yearly earnings after 1950

Type of benefit	\$800 or less	\$3,000	\$4,800	\$6,600 <u>1/</u>
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Retirement at 65, or disability -----	44.00	101.70	135.90	168.00
Retirement at 62 -----	35.20	81.40	108.80	134.40
Wife's benefit at 65 ----	22.00	50.90	68.00	84.00
Wife's benefit at 62 ----	16.50	38.20	51.00	63.00
Widow 62 or over -----	44.00	83.90	112.20	138.60
Widow 60, no child -----	38.20	72.80	97.30	120.20
Widow under 62 with--				
1 child -----	66.00	152.60	204.00	252.00
2 children -----	66.00	202.40	306.00	368.00
Maximum family payment --	66.00	202.40	309.20	368.00

1/ Benefits in this column will not generally be payable for some years to come, depending on current age of the worker.

Source: Social Security Administration, OASI-1965-1, page 10, August 1965.

SOME NEW USDA PUBLICATIONS

A GUIDE TO BUDGETING FOR THE FAMILY. Home and Garden Bulletin No. 108, October 1965. (Single free copies available from the Office of Information, U.S. Department of Agriculture, Washington, D.C. 20250.) Discusses the steps in making and carrying out a family budget.

CONSUMER EXPENDITURES AND INCOME, RURAL FARM POPULATION, 1961. CES Reports Nos. 16-20. (Single copies free from the Consumer and Food Economics Research Division, ARS, USDA, Federal Center Building, Hyattsville, Md. 20782.)

These publications give data on the incomes and expenditures of farm families in 1961 from the Survey of Consumer Expenditures. The first 5 reports (giving data classified by single characteristics of families) were listed in the October 1965 issue of Family Economics Review. The following (giving data classified by pairs of characteristics of families) have been made available since: No. 16 - Northeastern Region; No. 17 - North Central Region; No. 18 - Southern Region; No. 19 - Western Region; and No. 20 - United States.

CONSUMERS ALL. The Yearbook of Agriculture, 1965. (For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, for \$2.75.)

A "how to" book for consumers, including information on family money management, buying household equipment, and cutting food bills.



# COST OF FOOD AT HOME

Estimated for Food Plans at Three Cost Levels, Sept. 1965, U.S. Average 1/

Sex-age groups <u>2/</u>	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
<u>FAMILIES</u>						
Family of 2:						
20-35 years <u>3/</u> .....	15.00	20.00	23.20	64.60	86.60	100.60
55-75 years <u>3/</u> .....	12.40	16.90	19.20	53.80	73.30	83.30
Family of 4:						
Preschool children <u>4/</u>	21.80	29.00	33.60	94.20	125.70	145.50
School children <u>5/</u> .	25.10	33.60	39.20	108.30	145.60	169.80
<u>INDIVIDUALS</u> <u>6/</u>						
Children, under 1 year	3.00	3.90	4.20	12.90	16.80	18.00
1-3 years .....	3.80	4.90	5.70	16.40	21.30	24.50
3-6 years .....	4.40	5.90	6.80	19.10	25.70	29.50
6-9 years .....	5.30	7.10	8.50	22.90	30.80	36.80
Girls, 9-12 years ....	6.10	8.20	9.20	26.30	35.40	39.70
12-15 years .....	6.60	9.00	10.50	28.70	39.00	45.30
15-20 years .....	7.00	9.20	10.40	30.20	39.80	45.20
Boys, 9-12 years ....	6.20	8.30	9.60	26.70	36.10	41.50
12-15 years .....	7.10	9.80	11.20	30.70	42.60	48.40
15-20 years .....	8.40	11.20	12.80	36.30	48.50	55.50
Women, 20-35 years ...	6.40	8.50	9.70	27.50	36.80	42.00
35-55 years .....	6.10	8.20	9.40	26.50	35.40	40.60
55-75 years .....	5.20	7.10	8.10	22.60	30.80	34.90
75 years and over ..	4.80	6.30	7.40	20.60	27.40	32.00
Pregnant .....	7.60	9.90	11.10	32.80	42.80	48.10
Nursing .....	8.70	11.30	12.50	37.60	48.90	54.30
Men, 20-35 years ....	7.20	9.70	11.40	31.20	41.90	49.50
35-55 years .....	6.70	9.00	10.40	29.00	39.10	45.20
55-75 years .....	6.10	8.30	9.40	26.30	35.80	40.80
75 years and over ..	5.70	8.00	9.10	24.60	34.50	39.40

1/ Estimates computed from quantities in food plans published in Family Economics Review, October 1964. Costs of the plans were first estimated by using average price per pound of each food group paid by nonfarm survey families at 3 income levels in 1955. These prices were adjusted to current levels by use of Retail Food Prices by Cities, released by the Bureau of Labor Statistics.

2/ Age groups include the persons of the first age listed up to but not including those of the second age listed.

3/ Ten percent added for family size adjustment. For derivation of factors for adjustment, see Family Food Plans and Food Costs, HERR No. 20.

4/ Man and woman, 20-35 years; children, 1-3 and 3-6 years.

5/ Man and woman, 20-35 years; child, 6-9 and boy, 9-12 years.

6/ Costs given are for individuals in 4-person families. For those in other size families these adjustments are suggested: 1-person, add 20%; 2-person, add 10%; 3-person, add 5%; 5-person, subtract 5%; 6-or-more-person, subtract 10%.

# CONSUMER PRICES

Consumer Price Index for Urban Wage Earners and Clerical Workers  
(including single workers)  
(1957-59 = 100)

Group	Oct. 1964	Aug. 1965	Sept. 1965	Oct. 1965
All items .....	108.5	110.0	110.2	110.4
Food .....	106.9	110.1	109.7	109.7
Food at home .....	105.3	108.6	108.0	107.8
Food away from home .....	115.7	118.2	118.8	119.2
Housing .....	107.6	108.2	108.6	109.0
Shelter <u>1/</u> .....	109.2	110.7	110.8	111.2
Rent .....	108.2	109.0	109.1	109.2
Homeownership <u>2/</u> .....	109.6	111.4	111.6	112.1
Fuel and utilities <u>3/</u> .....	107.4	105.3	107.4	107.7
Fuel oil and coal .....	102.9	103.5	104.3	106.9
Gas and electricity .....	108.2	107.7	107.9	107.9
Household furnishings and operation .....	102.8	102.9	103.1	103.3
Apparel and upkeep <u>4/</u> .....	106.2	106.4	107.2	107.8
Men's and boys' .....	106.7	107.2	107.9	108.7
Women's and girls' .....	102.9	102.6	103.8	104.3
Footwear .....	111.4	112.7	113.4	114.4
Transportation .....	109.4	111.0	111.0	111.2
Private .....	108.0	109.5	109.5	109.7
Public .....	119.3	121.5	121.6	121.6
Health and recreation .....	114.0	115.6	115.8	116.2
Medical care .....	119.9	122.8	122.8	123.0
Personal care .....	109.7	109.0	109.2	109.2
Reading and recreation .....	114.5	114.3	114.8	115.2
Other goods and services <u>5/</u> .....	109.1	112.6	112.7	113.3

1/ Also includes hotel and motel rates not shown separately.

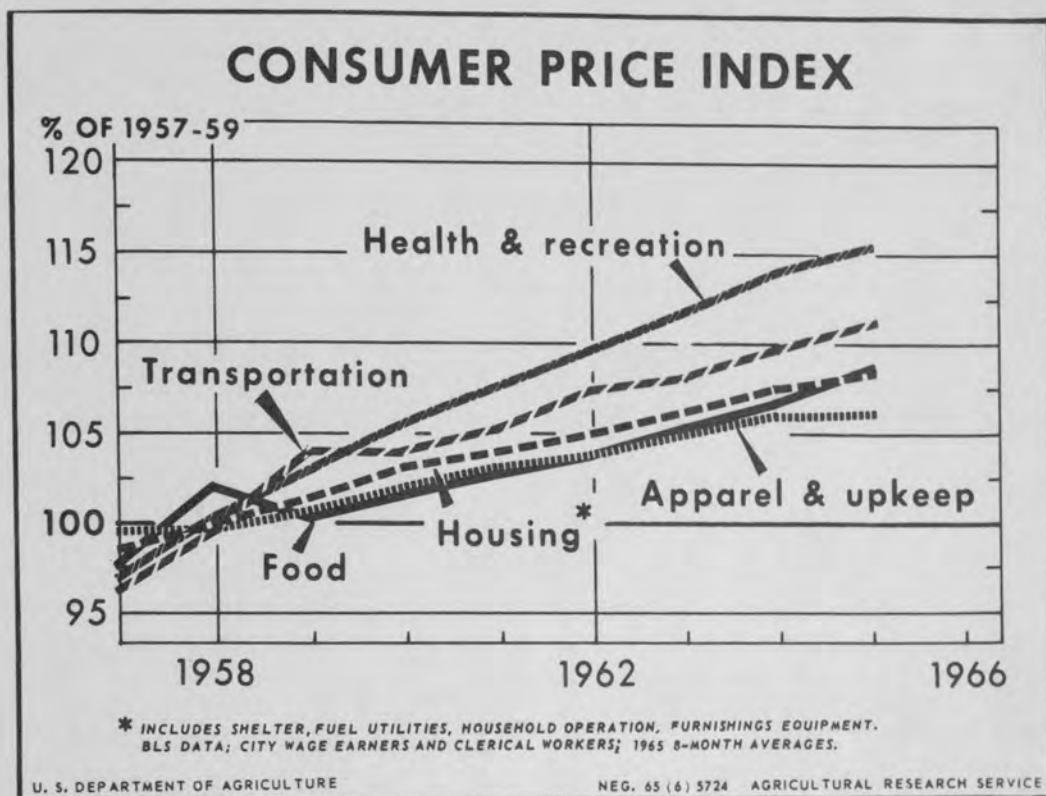
2/ Includes home purchase, mortgage interest, taxes, insurance, and maintenance and repairs.

3/ Also includes telephone, water, and sewerage service not shown separately.

4/ Also includes infants' wear, sewing materials, jewelry, and apparel upkeep services not shown separately.

5/ Includes tobacco, alcoholic beverages, and funeral, legal, and bank service charges.

Source: Bureau of Labor Statistics, U.S. Department of Labor.



Index of Prices Paid by Farmers for Family Living Items  
(1957-59 = 100)

Item	Nov. 1964	June 1965	July 1965	Aug. 1965	Sept. 1965	Oct. 1965	Nov. 1965
All items .....	105	107	107	107	107	107	107
Food and tobacco .....	--	111	--	--	109	--	--
Clothing .....	--	111	--	--	113	--	--
Household operation .....	--	110	--	--	110	--	--
Household furnishings ....	--	96	--	--	96	--	--
Building materials, house.	--	101	--	--	102	--	--
Autos and auto supplies ..	102	105	--	--	101	101	102

Source: U.S. Department of Agriculture, Statistical Reporting Service.