# family economics review

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





ARS 62-5
DECEMBER 1971

Family Economics Review is a quarterly report on research of the Consumer and Food Economics Research Division and on information from other sources relating to economic aspects of family living. It is prepared primarily for home economics agents and home economics specialists of the Cooperative Extension Service.

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How much additional income can an individual expect to receive as a return on investment in additional years of education? Will an individual at a given level of education be better off financially to take a job or continue his formal schooling? The cost of more schooling can be high, since there is usually income foregone in addition to tuition, living expenses, and other direct costs of school enrollment. If the additional years in school result in substantially higher earnings, they can be considered to be a good financial investment, as well as contributing to the social and intellectual development of the student. For the family making a decision about paying for additional years in school for a family member, or for an individual weighing the advantages of more schooling against immediate paid employment, the investment aspect may be crucial.

Education, however, is only one of several factors that determine future earnings. The individual needs to have data about all these factors to predict how his future earnings may differ from the average. This article will first report average income at different levels of education, to be used as a base for predicting rate of financial return to additional education. Later sections describe the effect of other factors that should be used to adjust the predicted rate of return up or down, depending on how the individual is assessed on these factors.

Average income and level of education.-- The average annual income since 1967 of men age 25 to 34 who had completed 1 to 3 years of high school was 16 percent lower than those who had completed high school but no college. Income continues to increase in line with education as shown below:

| Highest level of education attained | Percent of high school graduate's income | |
|---|---|---|
| | Man age 25-34 | Man age 45-54 |
| 1 to 3 years high school - | 84 | 83 |
| 4 years high school ----- | 100 | 100 |
| 1 to 3 years college ----- | 109 | 123 |
| 4 years college --------- | 133 | 157 |
| 5 or more years college - | 135 | 189 |

Larger differences appear for men age 45 to 54 -- the peak earning years. Those with 4 or more years of college received an average income 50 to 90 percent higher than men with only a high school degree. (Data for women are not available.)

Expected lifetime income is another approach used in comparing income of persons at different levels of education. Expected lifetime income is an estimate of the total future income an average individual at a given age and level of education can expect to recieve throughout the remainder of his lifetime, taking into account average life expectancy and changes in income with age. Expected lifetime income can be estimated in two ways: (1) As a sum of expected income for each year in the future; and (2) as the present value of that sum, discounted at a reasonable rate of interest. The following shows the two estimates of expected lifetime income, in dollars and as a percentage of the expected lifetime income of a high school graduate:

| Highest level of educational attainment | Sum of expected lifetime income: Thousand dollars | Sum of expected lifetime income: Percent | Present value of expected lifetime income 1/: Thousand dollars | Present value of expected lifetime income 1/: Percent |
|---|---|---|---|---|
| 1 to 3 years high school --- | 256 | 84 | 123 | 83 |
| 4 years high school ------- | 305 | 100 | 148 | 100 |
| 1 to 3 years college ------- | 353 | 116 | 168 | 113 |
| 4 years college ----------- | 483 | 158 | 219 | 148 |
| 5 or more years college --- | 527 | 173 | 241 | 163 |

1/ Discounted at 4 percent

At age 24 men who had completed 1 to 3 years of college would expect to receive during the remainder of their lives 16 percent more income than men who had completed high school only. Men with a college degree would expect to receive 58 percent more.

This comparison of the sum of expected future income does not give a complete picture of differences in earnings, however, because income changes related to age are not the same for individuals at different levels of education. In general, those with less education reach their peak earning years at a younger age than those with more education. To place expected future income on an equal basis with respect to the time it will be received, the present value of expected income should be compared. This is equivalent to supposing that the entire amount of future income is borrowed at the beginning of the earning years, with interest charges subtracted in advance.

In present value of lifetime income from age 24, the man with 4 years of college would expect to receive $71,000 more than he would have received with only a high school education. The following illustrates a method for estimating expected rate of return on investment in additional education:

Expenses for tuition, room and board amounted to $1,117 for the average undergraduate student attending a publicly controlled college or university in the academic year 1968-69. Other expenses -- books, clothing, transportation, and so forth -- might bring this figure up to an average of $1,500 per year. (Actual expenses at a particular college may be higher or lower than this average.) Income of the average high school graduate, ages 18 to 22, was about $3,300 per year. If the individual did not earn money while in college, investment in direct costs and income foregone would total $19,200 for 4 years in college and would yield a return of over 300 percent -- $71,000 in increased lifetime earnings, discounted at 4 percent. Three years in college, on the other hand, would require an investment of $14,400 and yield a return of only $20,000.

Ability. -- Differences in average income associated with levels of education are only part of the data needed for deciding whether an individual should invest in additional education. Differences in ability rather than years of formal education account for part of the income difference. The more able are likely to have more education, and also to receive higher incomes than the less able at the same level of education. For example, the average income of the college graduate age 25 to 34 is about 30 percent higher than that of the high school graduate. But the individual with abilities equal to the average high school graduate is not likely to find his income increased by that amount after completing a college degree. Rather, his earnings would probably be lower than the average college graduate because of his lower level of ability. Completing the degree would be difficult also, since his level of ability would be lower than that of the average college graduate.

Ability has been found to be significantly related to income in several studies. One study traced the income over a 30-year period of 345 men living in New England. The measure of ability used in the study was IQ score, recorded in 1935 when most members of the sample were in eighth grade. Income differences found between the 1965 incomes of the men in the sample who had completed high school only and those who had one or more college degrees were similar to the national averages. The average IQ of the high school graduates was significantly lower than the average for the college graduates, however, and differences in IQ accounted for part of the difference in income. Education alone was shown to have raised the 1965 income level of those with one college degree only about 9 percent and those with 2 or more degrees about 22 percent above the income level of the high school graduates. The balance of the observed income differences resulted from differences in IQ, social class, religion, marital status, and attendance at private precollege schools.

Similar conclusions were reached in a study of low achievers, men who had been rejected for military service because they did not pass the Armed Forces Qualification Test. A national sample of 2,400 men, age 17 to 25, was interviewed in 1963. When differences in income attributable to race and age differentials were removed, each additional year of formal education was found to increase average annual income by about \$62. This increase in income was only \$30 when the effect of differences in ability, as measured by score on the Armed Forces Qualification Test, was removed. Furthermore, the average earnings of those who completed high school were not significantly higher than the earnings of high school dropouts of the same age and ability. For this sample of men, considered to be low achievers, investment in additional years of school was apparently not yielding a high rate of financial return.

Type of training. -- Type of training that individuals receive appears to make a difference in income, at least in the early earning years. In the study of low achievers, men who had received vocational or apprenticeship training reported incomes about \$326 per year higher than men who had not had such training but were similar in age, race, ability, and years of education.

A study of 2,767 vocational and nonvocational high school graduates in three major cities gave the same results. Those with vocational training averaged \$648 per year higher the first year and \$192 per year higher the sixth year after graduation when differences due to sex, IQ, race, and location of city were removed.

Occupation. -- Studies show that at least half of the income differential between persons at different levels of education is the result of employment in higher paid occupations. Therefore financial return to investment in education depends in part on the job market. Entry into occupations is related to education. There are specific educational requirements for some occupations, such as teaching, while for many others the better educated job seeker is given preference in hiring. However, even with appropriate educational qualifications, an individual will not be hired unless job openings exist.

Expected rate of return to education is made more uncertain for the future because the manpower demand and supply situation for persons with college degrees has entered a period of rapid change.1/ Unlike the period since World War II, when the number of openings for college graduates exceeded the number of qualified persons seeking employment, in the next decade the number of persons entering professional fields is expected to be about equal to the number of job openings. Shortages of persons with professional training will probably continue in some fields, but in other fields, notably in elementary and secondary school teaching, the number receiving degrees is expected to exceed the number needed.

Conclusions.-- There are substantial differences in average income of individuals at different levels of educational attainment. However, most of the difference can be shown to result from differences in ability and type of training rather than number of years in school. In the next decade, with supply equal to or exceeding demand for professional workers in many fields, quality of preparation may have even greater effect on income. For the individual, whose ability is fixed, gaining additional years of formal education may not result in higher income. Rather, his return on investment in education may depend on the amount and quality of vocational training he receives and the occupational field he prepares to enter.

The decision whether an individual should invest in additional years of education should take into account the following factors:

- Ability-- If his ability is below the average of those at the educational level he is considering, his income will probably also be lower.
- Expected demand for additional workers in the occupation he expects to enter-- If demand is low, he may be forced to accept work in a lower paying or less desirable field even after completing additional education.
- Quality of training for the chosen occupation-- Earnings of those with vocational training are higher than earnings of those with a more general education.

--Frances M. Magrabi

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1/ Information about the expected demand for new workers in specific fields may be obtained from "College Educated Workers, 1968-80: A Study of Supply and Demand," BLS Bul. 1676, U.S. Govt. Print. Off., Wash., D.C., 20402. 1970. (35 cents)

Sources: Hansen, W.L., Weisbrod, B.A., and Scanlon, W.J., "Schooling and Earnings of Low Achievers," Amer. Econ. Rev.: 409-418. June 1970. Hause, J.C., "Ability and Schooling as Determinants of Lifetime Earnings or If You're So Smart, Why Aren't You Rich?" Amer. Econ. Rev.: 289-298. May 1971. Mayhew, A., "Education, Occupation, and Earnings," Indust. and Labor Relations Rev.: 216-225. January 1971. Hu, T.W., Lee, M.L., and Stromsdorfer, E.W., "Economic Returns to Vocational and Comprehensive High School Graduates," Jour. Human Resources: 25-50. (Winter) 1971. U.S. Dept. of Comm., Bur. Census, Current Population Reports, Consumer Income, Ser. P-60, No's. 74-75 (1970), 80 (1971).

# TRENDS IN CONSUMER CREDIT

At the end of 1970 consumers owed more than $126 billion in nonmortgage debt--an average of $615 per person. Installment debt accounted for about 80 percent of this total or $491 per person. A decade earlier per person installment debt was $236--less than half the 1970 level (see table). Debts for automobiles, other consumer goods (including purchases made with bank credit cards and revolving charge accounts), and personal loans each accounted for about one-third of the increase (30, 32, and 37 percent, respectively), while debt for home modernization and repair was just slightly above its 1960 level. Noninstallment debt, which accounts for only 20 percent of total debt, increased at a slower pace than installment debt during the decade. Single payment loans and service credit (to doctors, utility companies, and other service establishments) contributed most to the growth in this area. Charge accounts (30-day) -- which in 1960 accounted for the largest share of noninstallment debt -- dropped to second place by the end of 1970, probably because of the increased use of revolving charge accounts in place of 30-day accounts.

The rate of growth of consumer credit slowed in late 1969 and 1970 as consumers spent less for consumer goods, reflecting concern over inflation, unemployment, and the genèral state of the economy. During 1971, however, the rate of growth resumed.

Higher incomes and rising costs have contributed to the growth of consumer debt. Families had, on the average, 76 percent more income to spend in 1970 than in 1960. At the same time, the number of items on which families can spend this income has increased. Note, for example, lower priced cars that can be ordered with automatic transmission, power steering, and air conditioning; and the development of color TV. Also, new materials, new convenience items, and required safety features have added to the

Consumer nonmortgage debt, 1960 to 1970, per capita debt outstanding at end of year

| Year | Total 1/ | Installment | | | | | Noninstallment | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Automobile | Other Consumer Goods | Personal Loans | Home Modernization | Total | Single Payment Loans | Charge Accounts | Service Credit |
| | Dollars | Dollars | Dollars | Dollars | Dollars | Dollars | Dollars | Dollars | Dollars | Dollars |
| 1960 | 308 | 236 | 97 | 63 | 58 | 17 | 72 | 25 | 29 | 18 |
| 1961 | 313 | 237 | 93 | 64 | 63 | 17 | 76 | 28 | 29 | 20 |
| 1962 | 340 | 259 | 103 | 67 | 71 | 18 | 80 | 29 | 30 | 21 |
| 1963 | 376 | 291 | 117 | 74 | 82 | 18 | 85 | 32 | 31 | 22 |
| 1964 | 416 | 325 | 129 | 85 | 92 | 19 | 91 | 36 | 32 | 23 |
| 1965 | 462 | 365 | 146 | 95 | 104 | 19 | 97 | 39 | 33 | 25 |
| 1966 | 493 | 392 | 155 | 106 | 112 | 19 | 101 | 40 | 34 | 27 |
| 1967 | 511 | 405 | 154 | 112 | 120 | 19 | 106 | 42 | 35 | 29 |
| 1968 | 561 | 446 | 169 | 123 | 134 | 19 | 116 | 45 | 38 | 32 |
| 1969 | 601 | 482 | 180 | 135 | 147 | 20 | 119 | 45 | 40 | 34 |
| 1970 | 615 | 491 | 172 | 145 | 153 | 20 | 124 | 46 | 43 | 35 |

1/ Detail may not add to total because of rounding.
Source: Federal Reserve Board Data.

prices of the lowest cost cars and washing machines. But, the increased availability of credit and the greater acceptance of it as a method of acquiring consumer goods may have played an even more important part in the growth of consumer credit. According to the Survey of Consumer Finances conducted by the University of Michigan's Survey Research Center, the proportion of American families with installment debt increased to 51 percent in 1969 from 47 percent in 1964 and the proportion of families using 10 percent or more of their disposable income for debt payments rose to 30 percent from 26 percent during the same period.

Family characteristics and type of credit.-- Users of installment credit are concentrated most heavily among young, middle-income families, especially those with children. This is the period in the family life cycle when the need and desire for consumer goods and services may be growing faster than income.

This pattern varies somewhat depending on the type of credit being used. For example, the 1970 Survey of Consumer Awareness conducted by the Federal Reserve Board (FRB) showed that while the proportion of households using credit for automobiles, furniture and appliances, and personal loans declined as the age of the head increased, the proportion owning bank credit cards and retail charge accounts was greatest when the head was between 35 and 50 years old:

| | Used credit for -- | | | Owned -- | |
|---|---|---|---|---|---|
| | Car | Personal loan | Furniture and appliances | Bank credit card | Retail charge account |
| | Percent | Percent | Percent | Percent | Percent |
| Age of head: | | | | | |
| Under 35 -------- | 23 | 18 | 20 | 28 | 59 |
| 35 to 49 --------- | 17 | 15 | 14 | 29 | 65 |
| 50 or older ------ | 9 | 7 | 7 | 26 | 52 |

The fact that bank credit cards and retail charge accounts are frequently used for convenience rather than credit undoubtedly accounts for some of this difference. A recent survey indicates that less than half the families owning credit cards use them as revolving charge accounts. The survey taken in early 1971 in Enid, Okla. by the USDA and Oklahoma State University showed that about 56 percent of the survey families owning charge cards used them as 30-day accounts. The remaining 44 percent used their cards as a revolving charge at least some of the time, incurring interest charges each time the bill was not paid in full.

The Federal Reserve Board Survey also indicated that ownership of bank credit cards and retail charge accounts increased as household income increased. Even so, one-third of households with incomes under $5,000 and one-third of those classified as below poverty level owned retail charge accounts. Households with higher incomes were as likely to buy cars on credit as were middle-income families and were more likely to use personal loans, most of which are obtained through banks, and are probably more readily available for households with higher incomes. Almost one-tenth of households classified as below the poverty level bought cars on credit. These cars were, however, more likely to be used rather than new. A greater proportion of poverty than nonpoverty households used credit for furniture and appliances:

| | Used credit for -- | | | Owned -- | |
|---|---|---|---|---|---|
| | Car | Personal loan | Furniture and appliances | Bank credit card | Retail charge account |
| | Percent | Percent | Percent | Percent | Percent |
| Income: | | | | | |
| Under $5,000 -------- | 7 | 5 | 10 | 13 | 33 |
| $5,000 - 7,999 ------ | 17 | 13 | 15 | 21 | 52 |
| $8,000 - 9,999 ------ | 19 | 14 | 15 | 27 | 62 |
| $10,000 and over ---- | 18 | 16 | 13 | 40 | 74 |
| Above poverty level ---- | 16 | 12 | 12 | 29 | 60 |
| Below poverty level ---- | 9 | 10 | 19 | 14 | 33 |

The 1969 Survey of Consumer Finances, University of Michigan, showed that black families were more likely to owe on installment debt than white families, although the average amount owed was less. According to the Federal Reserve Survey, the proportion of black households using credit for furniture and appliances was twice that of white households (24 and 11 percent, respectively), but the proportion using credit for cars and personal loans was about the same for both black and white households -- 15 and 12 percent. More white households owned bank and retail credit cards. The fact that black families have, on the average, lower incomes than white families may account for the greater use of credit for furniture and appliances. Lower incomes may also make it more difficult for black families to obtain credit cards.

Consumer credit legislation.-- In the latter part of the sixties Congress acted to provide the consumer with more information about credit transactions. The Consumer Credit Protection Act passed by Congress in May 1968 established Truth in Lending which requires creditors to disclose to consumers the terms and conditions of all finance charges in credit transactions and in offers to extend credit, such as advertising. All information must be given the consumer before the transaction is completed. The effect of the law has been to inform consumers of the actual percentage rate of interest being charged and the dollar amount of the finance charge. It has also eliminated the use of single advertising statements such as "no money down."

A nationwide survey by the Federal Trade Commission indicates that 86 percent of the major creditors using retail installment contracts are in substantial compliance with the Truth in Lending Law. The survey, conducted over a 10-month period in 1969-70, included retail installment contracts used by new and used car dealers, TV and appliance dealers, home improvement companies, jewelry stores, and furniture stores. New-car dealers were found to be in highest compliance, used-car dealers and jewelry stores lowest. The survey revealed that firms who grant consumer credit in less than 50 percent of their sales transactions were in better compliance with the law than those who grant credit in 50 percent or more of their sales.

A 1970 amendment to Truth in Lending established new provisions relating to credit cards. These provisions ban the unsolicited mailing of credit cards; limit the cardholder's liability to $50 when a card is lost or stolen, with no liability if the issuer of the card is informed before the card is used; require that all cards bear identification of the user -- photograph or signature (new cards issued after January 24, 1971 must conform to this provision, and all previously issued cards must conform by January 24, 1972); and set criminal penalties for illegal use of credit cards.

In addition to Truth in Lending, the Consumer Credit Protection Act established Fair Credit Reporting 1/ (by amendment in 1970), set up the National Commission on Consumer Finance to study and make recommendations on the need for further regulation of the consumer finance industry. The Act also placed restrictions on the garnishment of wages, which specify the maximum amount that may be withheld from an individual's weekly earnings. Garnishment is limited to (a) 25 percent of disposable earnings for a week, or (b) the amount by which disposable weekly earnings exceed thirty times the Federal minimum hourly wage -- whichever is less. The garnishment provision also specifies that no employer may discharge an employee because his earnings have been subjected to garnishment for any one indebtedness.

Proposed trade regulations.-- Three trade regulations pertaining to consumer credit have been proposed by the Federal Trade Commission: "Holder in Due Course," "3-Day Cooling-Off Periods for Door-to-Door Sales," and "Retailers' Billing Practices." The Holder in Due Course regulation refers to the system in which a consumer buys on installment credit from a dealer who then sells the credit contract to a third party, usually a bank or finance company. The customer must make payments to this third party, although the third party has no obligation for the merchandise that has been received. The proposed rule would make the third party subject to legitimate claims the consumer might make on the merchandise. The 3-Day Cooling-Off Period regulation would give buyers 3 days to cancel a door-to-door sale of consumer goods or services if the purchase price is $10 or more. The regulation on Retailers' Billing Practices would prevent creditors from issuing billing statements on charges that are disputed by the customer until the creditor has looked into the situation and explained the facts to the customer. The regulation would also require that statements be mailed out at least 21 days before the due date, and that payments be posted on the day received. Rulings on these regulations are expected sometime in 1972.

--Katherine Smythe Tippett

1/ See "Fair Credit Reporting Act Goes Into Effect," Fam. Econ. Rev., June 1971.

Sources: Fed. Res. Bd.: Fed. Res. Bul., various issues; "1970 Survey of Consumer Awareness," unpublished data. 1964 and 1969 Survey of Consumer Finances, Survey Research Center, University of Michigan. U. S. Dept. of Comm., Bur. Census, Consumer Income, Series p-60, No. 78, May 1971. Public Law 90-321, May 29, 1968. Public Law 91-508, October 26, 1970. Fed. Trade Comm. News Summaries. USDA and Okla. State Univ., "1971 Survey of Family Attitudes in the Use of Consumer Credit," unpublished data.

Congressional hearings and debates in State legislatures kept automobile insurance reform before the public in 1971. Much of the debate centered around a concept called "no-fault" -- a system under which insurance benefits would be paid without considering which driver "caused" the accident. Without the need for litigation to determine blame, lawsuits for damages would be limited to major cases or eliminated completely. Massachusetts initiated a limited no-fault system at the beginning of 1971, and Florida is scheduled to follow in 1972.

The existing system. -- Automobile insurance, a type of casualty insurance, spreads the risk of loss among the many people exposed to hazards resulting from owning and operating an automobile. Types of insurance available and the ground rules of operation vary from State to State according to State laws, regulations, and judicial doctrines. Federal antitrust laws and decisions of the Federal judiciary also influence the insurance system.

Insurance coverage generally is sold as a standard policy package. The fault-based components are: 1/

| | Percent of premium |
|---|---|
| Policy-holder's liability (fault of insured): | |
| For bodily injury of others | 41 |
| For property damage of others | 20 |
| Uninsured motorist (fault of other driver): | |
| For damages policyholder is unable to collect from other driver | 2 |

These components account for 63 percent of the amount of premiums paid in 1968. Coverage is needed because State negligence laws hold a driver who causes loss to others, whether intentionally or through avoidable error, financially responsible for the loss. Liability insurance transfers the loss (within the policy limits) from the driver who is at fault to his insurance company. Fault must be established through negotiation or court action before liability benefits are paid.

The remaining components, not based on the fault concept, account for 37 percent of 1968 premiums:

| | Percent of premium |
|---|---|
| Comprehensive (fire, theft, and so forth) | 11 |
| Collision | 23 |
| Medical payments of insured | 3 |
| Death and disability of insured | (0.1) |

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1/ No-fault Motor Vehicle Insurance, Hearings before the Subcommittee on Commerce and Finance of the Committee on Interstate and Foreign Commerce, House of Representatives, 92d Congress, 1971, material submitted for the record by the American Insurance Association.

Under proposed no-fault plans, the fault-based types of coverage would be eliminated wholly or in part and the coverage of the remaining types expanded accordingly. Under proposals in which no-fault applies only to personal injury, property damage liability coverage is retained. Civil law, under which lawsuits are filed, would be amended, but persons guilty of criminal violations such as reckless driving and manslaughter would remain subject to prosecution under criminal law.

Problems under the present liability system. -- Consumer concern centers around the rising cost of insurance, fear of policy cancellation or nonrenewal, and delays in the settlement of claims. These problems can be traced to the scope and structure of the present system rather than its performance, according to the Department of Transportation. The system was designed to protect the assets of the policyholder rather than to compensate the accident victim; only those who can establish that others were at fault while they were without fault are legally entitled to recover their losses. Emphasis is on negligence or driving error as the basis for compensation, whereas under no-fault, the cause is assigned to the total driving environment, and the basis for compensation is the occurrence of the loss.

Efficiency of the present system is low according to several studies. One measure of efficiency is the percentage of premiums returned as benefits. In 1970, $6.5 billion were paid as premiums for bodily injury coverage. Disbursement of these is estimated to be: 2/

| | | Percent of premium |
|---|---|---|
| Payments to accident victim | | 43-44 |
| Duplicative of payments from other sources | 8.0 | |
| General damages (pain and suffering or intangible loss) | 21.5 | |
| Otherwise uncompensated economic loss | 14.5 | |
| Cost of adjusting claims (including legal costs of insurer and claimant) | | 23 |
| General overhead | | 33 |
| Total amount of premiums paid for bodily injury liability coverage | | 100 |

The 43 to 44 percent allocated to benefits compares poorly with the 80 percent returned in benefits under commercial group health and accident plans.

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2/ Keeton, Robert E., Automobile Insurance Reform Tailored to the Need, Statement Prepared for the Joint Committee on Insurance, Massachusetts, March 11, 1969, pp. 1-8, as reported in DOT, Motor Vehicle Crash Losses and Their Compensation in the United States, March 1971, pp. 51-52.

Another measure of efficiency is the amount of public resources required to support the system. Although most liability claims are settled through bargaining between the claimant or his attorney and the insurance company, auto accidents contribute over 200, 000 cases a year to the Nation's court load, consuming 17 percent of the court system's resources (3 to 46 percent at the county level).

The distribution of benefits is another problem under the present liability system; small losses are overpaid and large losses are underpaid. For example, claimants whose economic losses are under $500 recover about 4. 5 times the loss while those with losses over $25, 000 recover only about one-third. The Department of Transportation cites the threat of lawsuit in minor personal injury cases as a widely recognized reason for the overpayment of small claims and estimates that about one - third of all payments to all claimants are for "pain and suffering" payments to persons not injured permanently and having $2, 000 or less in economic loss.

No-fault insurance plans and alternative proposals. -- The Department of Transportation recommends a compulsory no - fault system for most economic loss resulting from injury and death, to be developed on a trial and error basis through action by individual States. Most no - fault proposals do focus on State action. However, there is a bill before Congress that would create a national no-fault system. The table on page 14 summarizes three alternative no-fault plans.

Not all observers feel that no-fault is the best approach. Those who oppose no-fault feel that the fault system should be retained and that reform efforts should be directed toward improving the systems and institutions through which it operates. One approach focuses on judicial reform, improved highway and vehicle design, rigid enforcement of traffic laws, and a national health insurance program through which auto accident victims as well as victims of illness or other injury could be compensated. Other approaches couple expanded medical payment and death and disability coverages with streamlined methods of determining liability.

Effects of no - fault insurance on consumers' problems. -- Cost studies of the American Insurance Association and the State of New York Insurance Department, as well as the experience with no-fault in Massachusetts, indicate a probable reduction in cost to the policyholder. The criteria used in setting an individual policyholder's insurance rates are also expected to change under no-fault. In addition to his likelihood of having an accident, the policyholder's economic status, the crashworthiness of his vehicle, and other features relating to the magnitude of his potential loss would be considered.

Delays in payment of claims would be minimized under no-fault. Claims would be paid as the loss was incurred, generally on a monthly basis. Under one no-fault proposal, an insurance company that does not make payment within the prescribed time is subject to a monthly service charge of 2 percent.

One drawback of some no-fault plans is the possible hesitancy of an accident victim to report an accident or file a claim with his own insurance company. This hesitancy may account for part of the 25 percent reduction in the number of bodily injury claims that Massachusetts experienced during the first 5 months of its limited no-fault program. Built-in limitations on the insurer's discretion to cancel a policy or raise a policyholder's rate could minimize these effects.

Key Provisions of Three No-Fault Automobile Insurance Plans

| Characteristic | Department of Transportation Reform Principles 1/ | Massachusetts Compulsory Personal Injury Protection (PIP) | Proposed National No-fault Motor Vehicle Insurance Act (S. 945) |
|---|---|---|---|
| Legislative approach | Concurrent Resolution of Congress calling for State level reform within general guidelines of Department of Transportation. Status: Pending in committee 2/ | Law of State of Massachusetts Status: In effect since Jan. 1 1971. | Public Law applying to entire U.S., its territories, and Puerto Rico. Status: Pending in committee. 2/ |
| Extent of no-fault | Most economic loss resulting from bodily injury. Coverage required of all motor vehicle owners. Not specific as to how property damage would be handled. | Economic loss from bodily injury up to $2,000 per person per accident. Coverage required of all motor vehicle owners. (Bodily injury liability coverage is also required of all motor vehicle owners to compensate for losses above $2,000.) | Most economic loss from bodily injury; intangible loss covered in some instances; damage to property other than motor vehicle in use. Coverage required of all motor vehicle owners. |
| No-fault benefits: | | | |
| Persons covered | Policyholder and family as drivers, passengers, or pedestrians; uninsured guest passengers and pedestrians injured in accident with insured vehicle. | Occupants of insured vehicle; pedestrians struck by insured vehicle in Massachusetts; policyholder and family if injured in or by a vehicle not covered by PIP. | Occupants of insured motor vehicle; pedestrians injured in accident involving vehicle; owner of property (other than a motor vehicle in use) damaged in accident with insured vehicle. |
| Bodily injury | Full medical coverage; deductible permitted. Lost income up to $1,000 per month for 36 months; deductible permitted; broader coverage optional. Lost service benefits up to $75 per week for 36 months. | Medical and related expenses and 75 percent of lost wages, subject to a maximum of $2,000 per person, per accident. | Full medical coverage; 85 percent of monthly wage loss up to $1,000 for 36 months; reasonable expenses for replacement services; funeral expenses. |
| Property damage | Not specified. Might ultimately be included. | Not covered by PIP. | Covers property other than motor vehicle in use. (Note: vehicles in use handled through optional collision policy as under present system.) |
| Liability lawsuits | No lawsuits for losses covered by basic no-fault plan. Lawsuits permitted for intangible losses in cases of permanent injury or disfigurement or if medical expenses exceed high threshold level. | Only for damages in excess of no-fault benefits and for property damage. Recovery for intangible losses permitted only if medical expenses exceed $500 or if injury causes death or serious injury. | Permitted only if other driver was engaged in criminal conduct. |

1/ Department of Transportation emphasizes that the policy limits and deductibles used are "basically illustrative" but "roughly in the right order of magnitude."

2/ Status as of December 1, 1971, when Family Economics Review went to press.

Sources: Automobile Insurance Reform and Cost Savings, Hearings before the Committee on Commerce, U.S. Senate, 92d Congress, 1971, pp. 108-110, 131, 135-137. Department of Transportation, Motor Vehicle Crash Losses and their Compensation in the United States, March 1971, pp. 133-137. Text and Staff Analysis of Committee Print One of the National No-fault Motor Vehicle Insurance Act (S. 945), prepared at the direction of the Hon. Warren G. Magnuson, Chairman, for use of the Committee on Commerce, U.S. Senate, July 1971.

Outlook. -- The Congressional hearings and studies by the Department of Transportation and others have brought no-fault insurance to public attention and provided documentation of the need for change in the way automobile accident victims are compensated. In the months ahead specific proposals will be debated in State legislatures. Consumers in each State should be informed about how these proposals will affect their interests.

--Marilyn J. Doss

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Sources: Maynes, E. Scott and Williams Jr., C. Arthur, eds., Fault or No-Fault?, Proceedings of a National Conference on Automobile Insurance Reform, 1970, University of Minnesota, March 1971. Volpe, John A., Secretary of Transportation, Motor Vehicle Crash Losses and Their Compensation in the United States, March, 1971. Automobile Insurance Reform and Cost Savings, Hearings before the Committee on Commerce, United States Senate, 92d Congress, 1971. No-Fault Motor Vehicle Insurance, Hearings before the Subcommittee on Finance of the Committee on Interstate and Foreign Commerce, House of Representatives, 92d Congress, 1971.

## NEW REGULATIONS ON "CENTS-OFF" PROMOTIONS

The Food and Drug Administration and the Federal Trade Commission have issued regulations governing the use of "cents-off," "introductory offer," and "economy size" claims on packages of food and nonfood household commodities. The regulations establish clear rules for the length and frequency of such campaigns and define the term "regular price," thus ending perpetual promotions based on artificial "regular price" designations. Under these new rules consumers will be able to determine from the label the actual savings being offered, making meaningful comparisons among brands possible.

Items qualifying for cents-off labels must have been recently and regularly sold at a customary price in the promotional trade area. Promotions may not occur more than three times a year, with a lapse of at least 30 days between each promotion. Any single-size commodity may not be sold with cents-off labeling for more than 6 months within a 12-month period. This regulation becomes effective January 2, 1972. After June 30, 1972, such packages must be clearly marked: "Price Marked is ______¢ Off the Regular Price."

The use of introductory offers is forbidden unless the item being offered is a new product, has been substantially changed, or is being introduced in a trade area for the first time. Introductory offers are limited to 6 months, after which the product must be offered at a customary price for a reasonably substantial period of time. Regulations on the use of economy size offers specify that at least one other size of the same brand must be offered, and that only one package of that brand can be labeled economy size. Packages labeled "economy size" must be priced at least 5 percent less than the next highest price per unit offered by the sponsor. The regulations on introductory offer and economy size become effective on December 31, 1971.

The White House Conference on Aging attests to the public concern about the many problems facing the elderly. Because this group is one of the most nutritionally vulnerable in our population, their diets are of national concern. Improvement can be brought about most effectively by working from knowledge of existing patterns in food consumption. The information on the food patterns of persons 65 years of age and older presented here was obtained in the 1965 Survey of Food Intake of Individuals.

This study obtained data on one day's diets, including food eaten away from home, of a nationwide sample of individuals.[1/] The times of eating were identified as well as the kinds and amounts of foods and beverages consumed. Data for the 202 men and 257 women aged 65 and older residing in the North Central region have been analyzed for presentation here.

Number of meals eaten per day. -- Three meals a day was the most frequent meal pattern for this group. In this analysis a "meal" was defined as any intake of food or beverage (other than water).

Relatively few persons ate less than three meals on the day on which they were surveyed, but about two-fifths ate more than three. The distribution of individuals by the number of meals eaten is:

| Number of meals | Percent of individuals |
|---|---|
| 1 | 0.2 |
| 2 | 3.9 |
| 3 | 54.1 |
| 4 | 32.0 |
| 5 or more | 9.8 |

In the following discussion of food patterns, the meal considered as "breakfast" was the largest meal[2/] eaten before 11 a.m. or the first meal eaten if three or more meals were eaten during the day but none before 11 a.m. The meal identified as the midday meal was the largest meal between 11 a.m. and 4 p.m., with only a few exceptions. The largest meal eaten between 4 p.m. and midnight constituted the evening meal. All other meals were treated together under the heading of "snacks."

Breakfast patterns. -- Most of the elderly men surveyed ate more substantial breakfasts than did the women. Fifty percent of the men but only about 30 percent of the women reported eating eggs or meat (usually bacon) or both. Breakfast consisting of hot or cold cereal as the main item was reported by almost as many men as women, but

1/ USDA, ARS. Food Intake and Nutritive Value of Diets of Men, Women, and Children in the United States, Spring, 1965. ARS 62-18, March 1969.

2/ Based on number and kind of items.

cereal in combination with eggs or meat or both was chosen by few women. Men chose cold rather than hot cereal more frequently than women. The principal breakfast patterns were as follows:

| Main item (s) | Men<br>Percent | Women<br>Percent |
|---|---|---|
| Eggs or meat | 30 | 25 |
| Eggs and meat | 20 | 5 |
| Cereal in combination with eggs or meat or both | 21 | 8 |
| Cereal 1/ | 29 | 35 |
| Beverage only 2/ | 4 | 7 |
| Other | 15 | 27 |
| Skipped breakfast | 2 | 1 |

1/ Ready-to-eat or hot.
2/ Coffee, tea, juice, milk, and/or soft drink.

Bread was a frequent breakfast item, being reported by almost equal proportions of men and women -- 64 and 62 percent, respectively. Doughnuts, sweet rolls and the like were eaten by 5 percent of the men and 3 percent of the women. Cakes, cookies, and pies were reported by about the same proportion of the two groups of respondents-- 4 percent of each sex.

Fruit, usually citrus, was eaten for breakfast by relatively more women (39 percent) than men (33 percent).

Milk, either on cereal or as a beverage, was reported by 65 percent of the men and 54 percent of the women. Because of its use with cereal as well as with coffee and tea, more respondents had milk at breakfast than at any other meal. Almost 85 percent of this elderly sample had coffee as part of their breakfast.

Midday and evening meal patterns. -- Midday and evening meal patterns were similar, although for most individuals--particularly the men--one of the meals was more substantial than the other. About half the respondents had their larger meal around midday while around a third had it after 4 p.m.

The traditional meat and potato combination (with or without vegetables) was the basic pattern for almost a third of the midday and evening meals of men. (See table.) This combination accounted for one-third of women's midday meals also, but for only one-fifth of their evening meals. Approximately 70 percent of the men's and 60 percent of the women's midday and evening meals included meat. A meal including both a meat and a meat alternate (for example, cheese or egg) was reported at midday by about 10 percent of the men and women. White potatoes were the most popular vegetable at both meals. They were chosen by men almost as often for the evening as for the midday meal but were less common for the women's evening meal. The combination of meat and vegetables (other than potatoes) appeared more frequently at midday than in evening meals.

Meat alternates only were reported for slightly more midday meals than evening meals, with eggs the favorite choice followed by cheese. Women ate light meals (no meat or alternate) twice as often at midday as men. Frequencies of major meal patterns are listed below:

| Meal Patterns | Midday | | Evening | |
|---|---|---|---|---|
| | Men | Women | Men | Women |
| | Pct. | Pct. | Pct. | Pct. |
| Basic patterns 1/ | | | | |
| Meat or meat and meat alternate: | | | | |
| Only | 22 | 14 | 23 | 21 |
| With potato | 10 | 8 | 11 | 6 |
| With potato and vegetables | 21 | 23 | 19 | 15 |
| With vegetables | 16 | 16 | 13 | 15 |
| With pasta, rice, or cereal with or without vegetables | 3 | 2 | 2 | 4 |
| Meat alternate: 2/ | | | | |
| Only | 14 | 15 | 11 | 12 |
| With potato, pasta, or rice with or without vegetables | 4 | 4 | 6 | 6 |
| Potato, pasta, rice, or cereal with or without vegetables; and vegetables only | 2 | 7 | 8 | 6 |
| Other patterns | | | | |
| Bread, fruit, dessert, drink, alone or in combination | 6 | 9 | 6 | 13 |
| Skipped meal | 2 | 2 | 1 | 2 |

1/ May include breads, fruits, desserts, drinks, accessory foods--such as spreads and sauces.

2/ Eggs, cheese, legumes, and so forth.

Breads (including crackers) were chosen to accompany the meat and meat alternate patterns by a large proportion of the men (70 to 80 percent) and more often than by women (around 65 percent). However, the proportion of both sexes using breads was smaller when potatoes were included in these patterns. Breads were more common in midday meals than in the evening. Desserts were reported more frequently with evening than midday meals, but over half the midday meal patterns included fruit, milk dessert, or bakery product other than bread. Citrus fruits were seldom reported except at breakfast meals. Later in the day other fruits -- more frequently cooked or processed than fresh--predominated over citrus, appearing in about a third of the patterns. Nearly all meals included a beverage and the most common by far was coffee. Milk was found more often in the midday than in evening meals of men but more often in the evening meals of women.

Snack patterns.-- More than half of the snacking occurred in the evening, somewhat less in the afternoon, and relatively little in the morning. Snacking was less frequent among persons over 74 years of age than in the group 65 to 74 years. Coffee was the most frequent snack item for both men and women. Other foods reported most often as snacks by men were in descending order, milk; fruit; cake, cookies, and pies; breads; and ice cream. Women chose most frequently cake, cookies, and pies; fruits; milk; and ice cream.

A comparison of existing meal patterns with USDA recommendations in Food Guide for Older Folks (Home and Gard. Bul. No. 17) indicates that many of the meals fell short of present dietary goals. Most of the individuals had at least one serving of meat or meat alternate. Cereal products were generously used. However, vegetables and citrus fruits were often lacking while calcium-rich dairy products were often used in insignificant amounts only--as milk in coffee.

--Eleanor Pao

## SOME NEW USDA PUBLICATIONS

(Please give your ZIP code in your return address when you order these.)

Single copies of the following are available free from the Office of Information, U.S. Department of Agriculture, Washington, D.C. 20250:

- WHAT YOUNG FARM FAMILIES SHOULD KNOW ABOUT CREDIT. FB 2135.
- INTERIOR PAINTING IN HOMES AND AROUND THE FARM. HG 184.
- A GUIDE TO BUDGETING FOR THE RETIRED COUPLE. HG 194.
- HOMEMAKERS' PREFERENCES FOR POTATOES, RICE, AND WHEAT PRODUCTS. MRR 939.

The following are for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402:

- RURAL POOR WHO COULD BENEFIT FROM JOB RETRAINING IN THE EAST NORTH CENTRAL STATES. AER 204. 40 cents.
- OPEN-COUNTRY POVERTY IN A RELATIVELY AFFLUENT AREA -- THE EAST NORTH CENTRAL STATES. AER 208. 65 cents.

## POVERTY IN 1970

The number of persons in poverty increased last year for the first time since 1960. In 1970, 25.5 million persons, 5 percent more than in 1969, and 13 percent of the population were below the poverty line.

The poverty line is a measure of the income needed to provide families differing in size, composition, and place of residence a minimum adequate level of living. It is adjusted annually in line with movement of the Consumer Price Index to allow for increasing costs. In 1970, the poverty line was $3,968 for a nonfarm family of four and $3,385 for a farm family.

Two-thirds of America's poor are white but a larger proportion of blacks than whites is poor. Black persons are 3 times as likely as white persons to be poor, and black children 4 times as likely as white children to be in poor families. Black families are generally larger than white families, and the black population as a whole is somewhat younger than the white. This may account for the fact that more than half (54 percent) of the black poor are children, compared with about a third (36 percent) of the white poor. About 19 percent of the white poor were persons 65 years and over, compared with 7 percent of the black poor.

Families headed by a women are more likely than other families to be in poverty. About 53 percent of children in such families were poor compared with 9 percent of children in families headed by a man. In 1970, persons in families headed by a woman constituted only 11 percent of all persons in families, but about 37 percent of poor persons.

For many families in poverty, being poor resulted from a low rate of earning rather than lack of work. A majority of both black and white families below the poverty level had a head who worked at some time during 1970. About 22 percent of the white and 17 percent of the black heads of families worked full time during 1970. Another 33 percent of the white heads and 39 percent of the black heads worked part time -- less than 8 hours a day or less than 50 weeks of the year. Heads of families who were farmers or farm laborers were most likely to be below the poverty line, followed by service workers and nonfarm laborers.

Families living on farms were twice as likely to be below the poverty level as families living in nonfarm areas, regardless of whether they were black or white. Almost 15 percent of the population of the South was below the poverty level compared with 7 to 9 percent of the population of other regions.

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Source: U.S. Department of Commerce, Bureau of the Census. Consumer Income, Series P-60, No. 77, May 7, 1971.

Whole turkey is usually a better buy than boned turkey roasts or rolls, in terms of the amount of meat provided. Turkey parts with dark meat--legs, thighs, and wings--provide more meat for the money than breasts, with all white meat. Meat from legs, thighs, and wings bought as parts is frequently less expensive than an equal amount of meat from the whole bird.

The table on page 22 shows a scale of prices per pound of medium to large turkeys, ready-to-cook, and (on the line opposite each price) the prices per pound of turkey roasts, turkey parts, and turkey products that provide equal amounts of turkey meat for the money. Prices from this table can be used with prices in local stores to find the best buys in turkey.

For example, the price of turkeys, ready-to-cook, in Washington, D.C. supermarkets, August 1971, varied from 37 to 59 cents a pound. The D.C. prices of turkey parts and turkey roasts, ready-to-cook, and of canned and frozen cooked turkey products and prices of these parts and products that would provide the same amount of meat for the money as whole birds at 37 and 59 cents a pound (from the table) are shown below:

| | Price in Washington, D.C., August 1971 | Price at which part or product is equally good buy to whole turkey at-- | |
|---|---|---|---|
| | | 37¢/lb. | 59¢/lb. |
| | Cents | Cents | Cents |
| Parts, ready-to-cook: | | | |
| Breast ------------------- | 99-119 | 47 | 75 |
| Drumstick ---------------- | 35-47 | 38 | 60 |
| Wing -------------------- | 39-43 | 34 | 55 |
| Boned roasts, ready-to-cook: | | | |
| White and dark meat ------- | 99-132 | 65 | 103 |
| White meat --------------- | 160-199 | 65 | 103 |
| Dark meat ---------------- | 84 | 65 | 103 |
| Cooked turkey products: | | | |
| Boned turkey, canned ------ | 157-179 | 83 | 133 |
| Turkey with gravy, frozen -- | 94-95 | 1/ 37 | 1/ 59 |
| Gravy with turkey, frozen -- | 64-68 | 1/ 28 | 1/ 44 |

1/ Price assumes amount of turkey in product priced in Washington, D.C., that was greater than the minimum amount specified in Federal standards.

Price per pound of whole turkey, ready-to-cook, and of turkey parts and turkey products providing equal amounts of cooked turkey meat for the money 1/

| If the price per pound of whole turkey, ready-to-cook, 2/ is-- | Turkey parts and products are an equally good buy if the price per pound is-- | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Breast quarter | Leg quarter | Breast | Drum-stick | Thigh | Wing | Boned turkey roast | | Boned turkey, canned | Turkey with gravy, canned or frozen 5/ | Gravy with turkey, canned or frozen 6/ |
| | | | | | | | Ready-to-cook 3/ | Cooked 4/ | | | |
| Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents |
| 33 --------- | 37 | 35 | 42 | 34 | 40 | 31 | 58 | 76 | 74 | 29 | 12 |
| 35 --------- | 39 | 38 | 45 | 36 | 43 | 32 | 61 | 80 | 79 | 31 | 13 |
| 37 --------- | 42 | 40 | 47 | 38 | 45 | 34 | 65 | 85 | 83 | 32 | 14 |
| 39 --------- | 44 | 42 | 50 | 40 | 48 | 36 | 68 | 90 | 88 | 34 | 15 |
| 41 --------- | 46 | 44 | 52 | 42 | 50 | 38 | 72 | 94 | 92 | 36 | 15 |
| 43 --------- | 48 | 46 | 55 | 44 | 53 | 40 | 75 | 99 | 97 | 38 | 16 |
| 45 --------- | 51 | 48 | 57 | 46 | 55 | 42 | 79 | 103 | 101 | 39 | 17 |
| 47 --------- | 53 | 51 | 60 | 48 | 58 | 43 | 82 | 108 | 106 | 41 | 18 |
| 49 --------- | 55 | 53 | 62 | 50 | 60 | 45 | 86 | 113 | 110 | 43 | 18 |
| 51 --------- | 57 | 55 | 65 | 52 | 62 | 47 | 89 | 117 | 115 | 45 | 19 |
| 53 --------- | 60 | 57 | 68 | 54 | 65 | 49 | 93 | 122 | 119 | 46 | 20 |
| 55 --------- | 62 | 59 | 70 | 56 | 67 | 51 | 96 | 126 | 124 | 48 | 21 |
| 57 --------- | 64 | 61 | 73 | 58 | 70 | 53 | 100 | 131 | 128 | 50 | 21 |
| 59 --------- | 66 | 63 | 75 | 60 | 72 | 55 | 103 | 136 | 133 | 52 | 22 |
| 61 --------- | 69 | 66 | 78 | 63 | 75 | 56 | 107 | 140 | 137 | 53 | 23 |
| 63 --------- | 71 | 68 | 80 | 65 | 77 | 58 | 110 | 145 | 142 | 55 | 24 |
| 65 --------- | 73 | 70 | 83 | 67 | 80 | 60 | 114 | 150 | 146 | 57 | 24 |
| 67 --------- | 75 | 72 | 85 | 69 | 82 | 62 | 117 | 154 | 151 | 59 | 25 |
| 69 --------- | 78 | 74 | 88 | 71 | 85 | 64 | 121 | 159 | 155 | 60 | 26 |
| 71 --------- | 80 | 76 | 91 | 73 | 87 | 66 | 124 | 163 | 160 | 62 | 27 |
| 73 --------- | 82 | 78 | 93 | 75 | 89 | 68 | 128 | 168 | 164 | 64 | 27 |

1/ Based on yields of cooked turkey meat excluding skin, medium to large birds.
2/ Price based on weight of turkey with neck and giblets.
3/ Roast, as purchased, includes 15 percent skin or fat.
4/ Roast, as purchased, has no more than 1/4 inch skin and fat on any part of surface.
5/ Assumes 35 percent cooked boned turkey, minimum required for product labeled "Turkey with Gravy."
6/ Assumes 15 percent cooked boned turkey, minimum required for product labeled "Gravy with Turkey."

At these prices, the family with a taste for only white meat pays handsomely. A serving of turkey from a boned roast of all white meat costs about twice as much as an equal size serving from the whole turkey purchased ready-to-cook. Meat from the breast bought separately costs substantially more than the same amount of meat from the whole turkey or from parts with dark meat. Dark meat, on the other hand, might be bought as a boned roast or a turkey part at a cost about the same or lower than the cost of an equal amount of meat from the whole turkey.

Most boned turkey products with both white and dark meat, either frozen ready-to-cook or canned, found in Washington, D.C., stores were more expensive as sources of cooked turkey meat than the whole ready-to-cook bird. The turkey in packages of frozen turkey with gravy and gravy with turkey costs at least 50 percent more than a similar amount of turkey from the whole bird.

How to use the table. -- The table on page 22 can be used to estimate the added cost, if any, of using turkey parts or turkey products rather than the whole bird. For example, the table shows that whole turkey at 59 cents a pound is as good a buy as boned turkey roast, ready-to-cook, at $1.03 a pound; as breasts at 75 cents a pound; as drumsticks at 60 cents; and as wings at 55 cents a pound. Any amount above $1.03 a pound for turkey roast (when whole turkey costs 59 cents) pays for the convenience of having the turkey boned and rolled. Any amount above 75 cents a pound paid for breast pays for the advantages of getting all white meat and of getting less than a whole turkey.

The table can also be used to determine which of several turkey parts is the best buy. For example, prices of drumsticks or wings might be compared as follows: Locate the store price of drumsticks (46 cents) in the column headed "Drumstick." Compare the price in the "Wing" column on the same line (42 cents) to the store price of wings. If the store price is the lower of the two, wings are the better buy. If the store price is higher, drumsticks are the better buy.

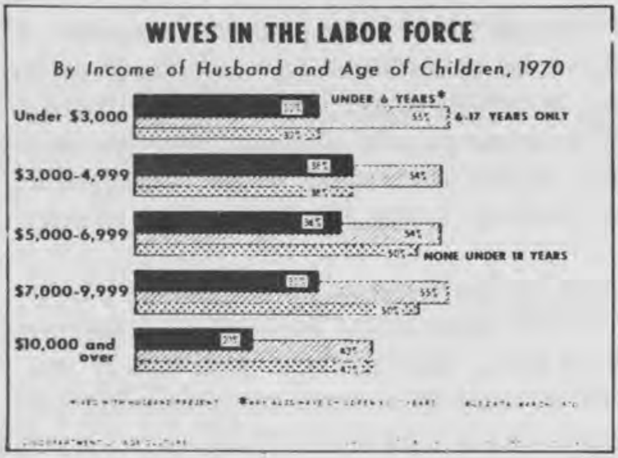
A table showing the prices at which chicken parts are equally good buys to whole chickens was published in the September 1969 issue of Family Economics Review.

--Betty Peterkin

## CHILDREN OF WORKING MOTHERS

The number of children whose mothers are in the labor force is increasing. In March 1970, 26 million children under 18 years of age had mothers who were working or looking for work, compared with 16 million in 1960. Children of working mothers accounted for 39 percent of all children in 1970, up from 26 percent 10 years earlier. In both years, about 25 percent of these children were under the age of 6 and required some kind of care in their mothers' absence.

There are now more children of working mothers partly because there are now more children and partly because more mothers work. The labor force participation rate of women with preschool-age children increased 60 percent in the last decade com-




pared with a 20 percent increase for mothers of older children. However, in 1970 as in 1960, mothers of school children were still more likely to be in the labor force than those with younger children (see chart).

Children of working mothers came from families with higher incomes and fewer children than children whose mothers did not work outside the home. This was true for children in families headed by a woman as well as for children in husband-wife families. Family size and family income data for children of working and nonworking mothers are as follows: 1/

| | Average number of children per family | Median family income in 1969 |
|---|---|---|
| Husband-wife families | | |
| Mother in the labor force --------- | 2.19 | $11,752 |
| Mother not in the labor force ------ | 2.42 | 9,884 |
| Female family head | | |
| Mother in the labor force --------- | 2.10 | 4,651 |
| Mother not in the labor force ------ | 2.73 | 2,988 |

Income in families with preschool children was lower than that in families with children age 6 to 17 and was less affected by the mother's work status. Parents of the younger child are likely to be younger themselves, probably earning less than the parents of the older child. In addition, because of the care required by the younger child, his mother is likely to work part-time adding less income than the mother of the older child who is freer to work full-time. Median income of families with preschool children was only 8 percent higher when the mother worked ($10,000) than when she did not ($9,250), while that of families with children age 6 to 17 was 14 percent higher when the mother worked ($12,423 and $10,857).

A greater proportion of black than white children in two-parent families have both parents in the labor force. Nevertheless, median income in 1969 of black families with children in which both parents worked was considerably lower ($8,944) than the median income in white families with children regardless of whether the mother worked or not ($12,283 and $10,508, respectively).

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1/ Income and size data are from a distribution of children by their family income and size rather than the usual distribution of families by income and size category.

Source: Waldman, Elizabeth, and Gover, Kathryn R., "Children of Women in the Labor Force," Monthly Labor Review, July 1971.

Cost of food at home estimated for food plans at three cost levels, September 1971, U.S. average 1/

| Sex-age groups 2/ | 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 |
| FAMILIES | | | | | | |
| Family of 2: | | | | | | |
| 20 to 35 years 3/ --- | 18.80 | 24.00 | 29.50 | 81.40 | 103.60 | 127.50 |
| 55 to 75 years 3/ --- | 15.30 | 19.90 | 24.10 | 66.70 | 86.40 | 104.10 |
| Family of 4: | | | | | | |
| Preschool children 4/ | 27.20 | 34.70 | 42.30 | 118.10 | 150.30 | 183.20 |
| School children 5/ -- | 31.70 | 40.50 | 49.80 | 137.20 | 175.30 | 215.60 |
| INDIVIDUALS 6/ | | | | | | |
| Children, under 1 year | 3.60 | 4.60 | 5.10 | 15.80 | 19.80 | 22.20 |
| 1 to 3 years -------- | 4.60 | 5.80 | 7.00 | 20.10 | 25.30 | 30.30 |
| 3 to 6 years -------- | 5.50 | 7.10 | 8.50 | 24.00 | 30.80 | 37.00 |
| 6 to 9 years -------- | 6.70 | 8.60 | 10.80 | 29.20 | 37.40 | 46.80 |
| Girls, 9 to 12 years -- | 7.60 | 9.90 | 11.60 | 33.10 | 42.90 | 50.20 |
| 12 to 15 years ------ | 8.40 | 11.00 | 13.30 | 36.60 | 47.50 | 57.60 |
| 15 to 20 years ------ | 8.60 | 10.90 | 13.00 | 37.40 | 47.20 | 56.20 |
| Boys, 9 to 12 years --- | 7.90 | 10.10 | 12.20 | 34.00 | 43.70 | 52.90 |
| 12 to 15 years ------ | 9.20 | 12.10 | 14.40 | 39.90 | 52.40 | 62.60 |
| 15 to 20 years ------ | 10.60 | 13.50 | 16.30 | 46.00 | 58.40 | 70.60 |
| Women, 20 to 35 years - | 7.90 | 10.10 | 12.20 | 34.30 | 43.70 | 52.70 |
| 35 to 55 years ------ | 7.60 | 9.70 | 11.70 | 32.90 | 40.00 | 50.70 |
| 55 to 75 years ------ | 6.40 | 8.30 | 10.00 | 27.90 | 36.10 | 43.20 |
| 75 years and over --- | 5.80 | 7.40 | 9.10 | 25.30 | 32.10 | 39.40 |
| Pregnant ----------- | 9.40 | 11.80 | 13.90 | 40.80 | 51.00 | 60.40 |
| Nursing ------------ | 11.00 | 13.60 | 15.90 | 47.40 | 58.90 | 69.10 |
| Men, 20 to 35 years --- | 9.20 | 11.70 | 14.60 | 39.70 | 50.50 | 63.20 |
| 35 to 55 years ------ | 8.50 | 10.80 | 13.30 | 36.90 | 47.00 | 57.50 |
| 55 to 75 years ------ | 7.50 | 9.80 | 11.90 | 32.70 | 42.40 | 51.40 |
| 75 years and over --- | 7.00 | 9.40 | 11.40 | 30.50 | 40.80 | 49.40 |

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 urban survey families at 3 income levels in 1965. These prices were adjusted to current levels by use of Retail Food Prices by Cities, released by the Bureau of Labor Statistics.

2/ Persons of the first age listed up to but not including the second age.

3/ 10 percent added for family size adjustment.

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

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

6/ Costs given for persons in families of 4. For other size families, adjust thus: 1-person, add 20 percent; 2-person, add 10 percent; 3-person, add 5 percent; 5-person, subtract 5 percent; 6-or-more-person, subtract 10 percent.

## CONSUMER PRICES

Consumer Price Index for Urban Wage Earners and Clerical Workers
(1967 = 100)

| Group | Oct. 1971 | Sept. 1971 | Aug. 1971 | Oct. 1970 |
|---|---|---|---|---|
| All items | 122.6 | 122.4 | 122.2 | 118.1 |
| Food | 118.9 | 119.1 | 120.0 | 115.5 |
| Food at home | 116.6 | 116.9 | 118.1 | 113.8 |
| Food away from home | 128.0 | 127.6 | 127.1 | 121.9 |
| Housing | 125.9 | 125.5 | 125.1 | 121.2 |
| Shelter | 130.6 | 130.1 | 129.5 | 126.5 |
| Rent | 116.4 | 116.1 | 115.8 | 111.4 |
| Homeownership | 135.7 | 135.1 | 134.4 | 131.9 |
| Fuel and utilities | 116.3 | 116.3 | 116.3 | 109.2 |
| Fuel oil and coal | 117.8 | 117.8 | 117.8 | 112.5 |
| Gas and electricity | 115.7 | 115.7 | 115.7 | 108.8 |
| Household furnishings and operation | 119.5 | 119.4 | 119.1 | 114.5 |
| Apparel and upkeep | 121.6 | 120.6 | 119.0 | 118.2 |
| Men's and boys' | 121.8 | 120.8 | 119.6 | 119.0 |
| Women's and girls' | 122.7 | 121.3 | 118.2 | 119.3 |
| Footwear | 122.7 | 122.2 | 121.5 | 119.0 |
| Transportation | 120.6 | 119.8 | 120.1 | 115.2 |
| Private | 118.6 | 117.8 | 118.1 | 113.4 |
| Public | 139.3 | 139.3 | 139.1 | 131.3 |
| Health and recreation | 123.5 | 123.6 | 123.1 | 118.2 |
| Medical care | 129.6 | 130.4 | 130.0 | 122.8 |
| Personal care | 117.9 | 117.6 | 117.5 | 114.4 |
| Reading and recreation | 120.5 | 120.5 | 119.7 | 115.2 |
| Other goods and services | 122.6 | 122.4 | 121.8 | 118.0 |

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

Index of Prices Paid by Farmers for Family Living Items
(1967 = 100)

| Item | Nov. 1971 | Oct. 1971 | Sept. 1971 | Aug. 1971 | July 1971 | June 1971 | Nov. 1970 |
|---|---|---|---|---|---|---|---|
| All items | 120 | 120 | 120 | 120 | 119 | 119 | 115 |
| Food and tobacco | - | - | 116 | - | - | 116 | - |
| Clothing | - | - | 128 | - | - | 125 | - |
| Household operation | - | - | 118 | - | - | 116 | - |
| Household furnishings | - | - | 115 | - | - | 114 | - |
| Building materials, house | - | - | 126 | - | - | 123 | - |

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

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☆ U. S. GOVERNMENT PRINTING OFFICE : 1971 O 483-193 (ARS-57)