

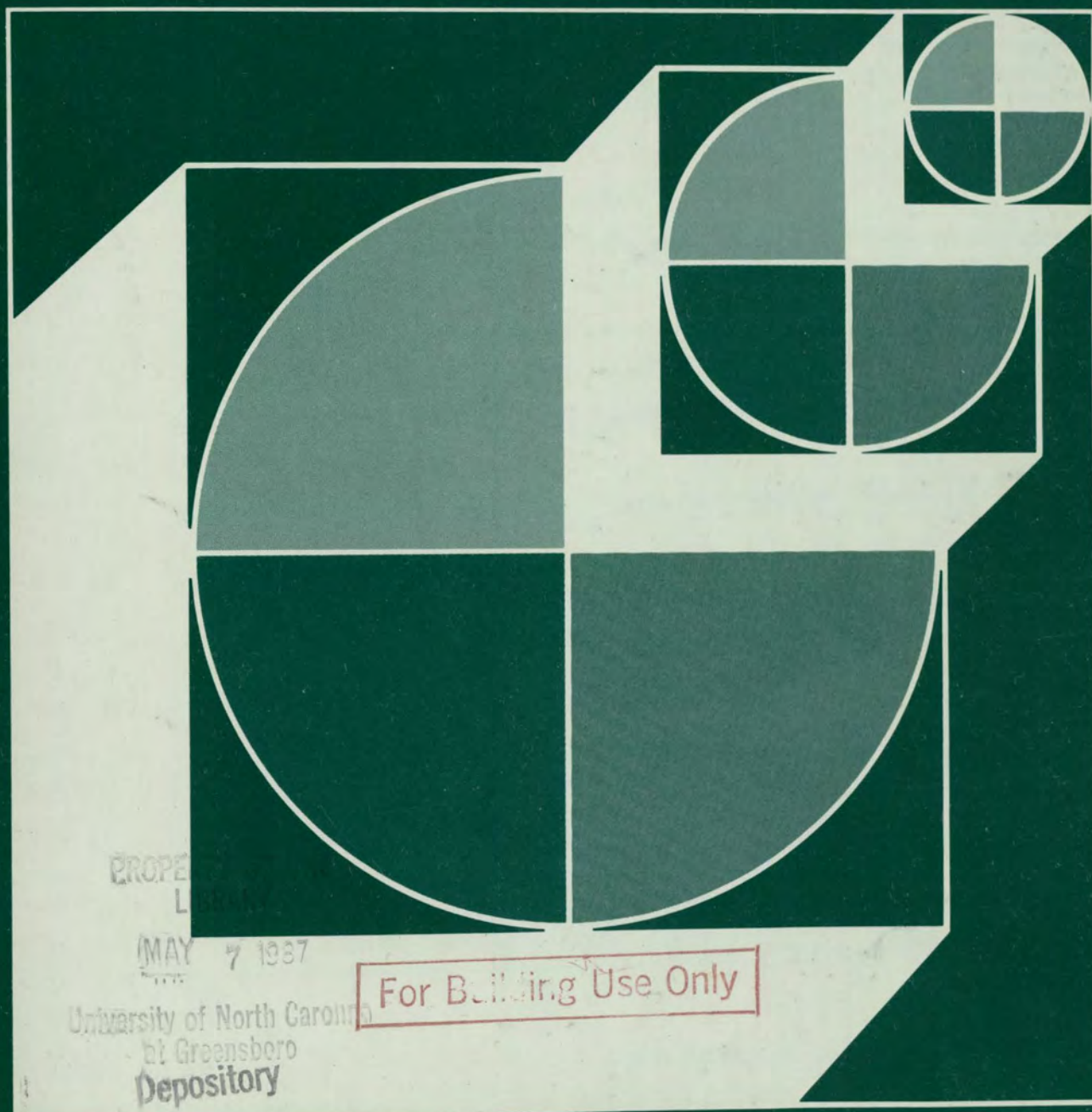
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Family Economics Review

1987
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**ANNOUNCING NEW BUDGETING GUIDE ON
MANAGING YOUR FINANCES -- SEE P. 12.**

Issued April 1987

Income Trends of the Young and the Elderly¹

By Paul Ryscavage²

Labor economist

Bureau of the Census

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A popular topic in the media today is the contrast in the economic situations of the young and the elderly. The difficulties of the baby boom generation in securing an economic foothold in society have been vividly described by Frank Levy and Richard Michel (2), two economists from the Urban Institute. They show that this particular generation's incomes have risen much slower than did the incomes of their parents at the same age. Other writers, such as Phillip Longman (3), have juxtaposed the economic problems of the young with the economic gains of the elderly. He points to the vast sums of money the Federal Government has spent on the 65-and-older population and suggests it is disproportionate to their representation in our society.

The purpose of this paper is to review the income trends of the young and the elderly as reflected in various income measures published by the U.S. Bureau of the Census. Income trends for these groups are examined over the 1950-85 period, with particular emphasis on the 1970-85 period. Certain demographic, economic, and social factors associated with the trends are discussed. The scope of this paper, however, is limited and does not deal with many of the issues

¹This article is taken from a paper presented at the Annual Agricultural Outlook Conference in December 1986 in Washington, DC.

²The views and opinions expressed in this paper do not necessarily reflect those of the Bureau of the Census.

addressed by Daniel Radner of the Social Security Administration (4). Radner examined income trends by 5-year age groups for both the aged (65 and over) and nonaged (under 65), adjusted for differences in needs of family units of different sizes, and discussed related topics such as changes in inequality and poverty.

The Data

Many analyses of income trends are based on the income statistics collected by the U.S. Bureau of the Census in the Current Population Survey (CPS). Each March interviewers visit approximately 60,000 households around the country and ask a series of questions about the incomes of household members in the previous calendar year. These data are then processed, tabulated, and published each year by the Bureau (5).

The Census Bureau reports a variety of income measures for persons, families, and households. The two that receive the greatest attention are the median income of families and the median income of unrelated individuals. Families are defined as groups of two or more persons related by blood, marriage, or adoption, and residing together. Unrelated individuals are persons 15 years old and over who do not live with any relatives. Another increasingly popular measure is the median (and mean) income of households. This measure combines the incomes of families and unrelated individuals. A household consists of all persons who occupy a housing unit. Per capita measures for families, households, and the population receive little attention.

The CPS income concept is based on "money" income only. Not included are noncash benefits such as food stamps, Medicare, subsidized housing, and free or reduced-price school lunches, as well as the many employer-provided benefits (for example, health insurance). These benefits have come to represent a growing proportion of aggregate income in recent years.

In the following discussion, the "young" were defined as persons age 25 to 34. This age group in 1985 accounted for slightly more than two-thirds of all persons age 20 to 34. The elderly were defined as individuals age 65 and over. The income measures for this broad age group mask significant income variation within it, but it is not possible to identify income trends for specific subgroups of the elderly in the published data. All income estimates have been adjusted for price changes by the Consumer Price Index (CPI) and are expressed in 1985 dollars.

Real median incomes (incomes in 1985 dollars) between 1950 and 1985 for young and elderly families are charted in figure 1; the real incomes for young and elderly unrelated individuals are charted in figure 2. One fact that is immediately clear is that according to this measure the young have higher incomes. In 1985, the median income for a family in which the head was 25 to 34 years old was \$26,023, compared with \$19,162 for a family in which the head was 65 years or older. For unrelated individuals, the young's median was \$17,211, compared with the elderly's median of \$7,568 (see table 1, p. 4)

Figures 1 and 2 also reveal what has happened to real incomes, as reflected by the medians, of both groups over the last 35 years. Between 1950 and 1970 real incomes of the young and elderly grew steadily, with the young's rising slightly faster, probably as a result of the strong job market situation in the sixties. Real income for young families grew by 3.0% a year and for elderly families by 2.5% a year.

After 1970 or so, however, the income trends of the young and old changed dramatically. Growth virtually came to a halt for the young while it continued for the elderly. For families in which the head was 25 to 34 years old, median income (in 1985

dollars) declined by 0.3% a year, and for unrelated individuals age 25 to 34 it fell 0.6% a year on average. During these same years, the incomes of elderly families and unrelated individuals continued to grow at slightly more than 2.0% a year.³ It is this stark contrast in real income growth between these groups that has attracted the media's attention.

The obvious question is--why did real income growth for the young suddenly come to a halt between 1970 and 1985 while it continued for the elderly? Some of the factors that have been associated with these changes can be classified as demographic, economic, and social.

Demographic. The impact of the baby boom (the large cohort of persons born between 1946 and 1964) on the number of members of the 25- to 34-year-old age group is shown in table 2, p. 4. Between 1955 and 1970, persons in this age group increased from about 23 million to 25 million--an 8% increase. Between 1970 and 1985, however, the 25- to 34-year-old population increased from 25 million to 42 million--a 66% increase. Whereas the 1970 estimate reflects persons born between 1936 and 1945, the 1985 estimate reflects persons born between 1951 and 1960--the middle of the baby boom years. What was the significance of this for 25- to 34-year-olds in the last 15 years or so?

Richard Easterlin (1), among others, has written extensively on the causes and consequences of changes in fertility. Easterlin generalizes and suggests, "...a baby boom generation finds the going comparatively tough." Because of its sheer size, a relatively large cohort of individuals finds itself fiercely competing for the available jobs, housing, education, and other necessities of life more so than a smaller cohort. The consequences of this competition are rather evident when we examine the data on crime, suicides, divorce, births out of wedlock, and other aspects of social stress. Although the strength of the relationships between these problems and the maturing of the baby boom generation can be debated, the

³ Mean incomes for these groups reflect similar trends.

Median Incomes of Families

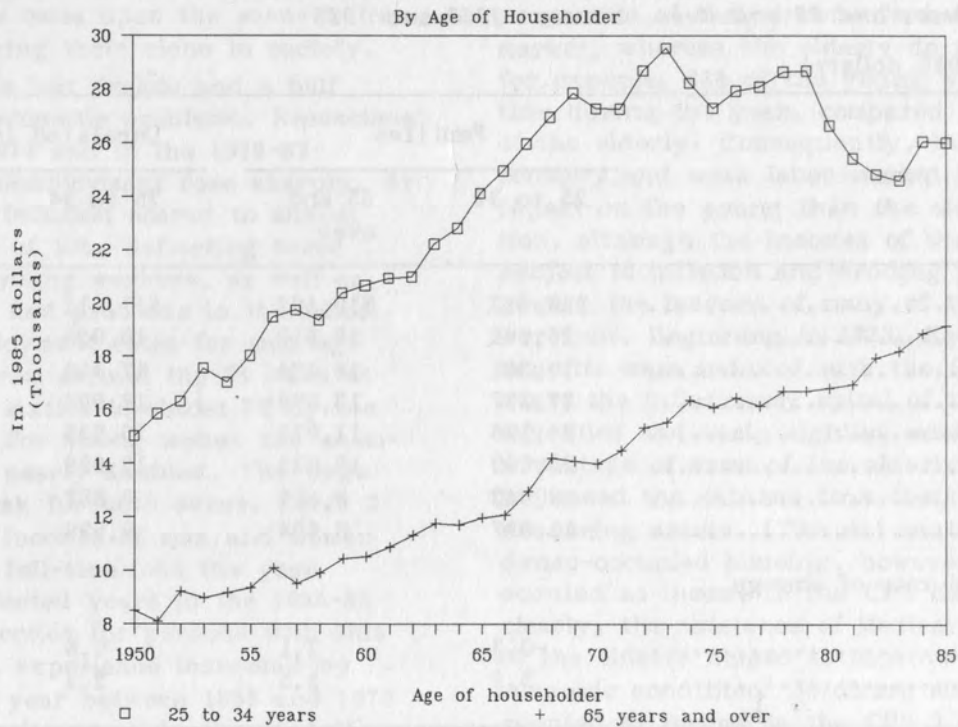


Figure 1

Median Incomes of Unrelated Individuals

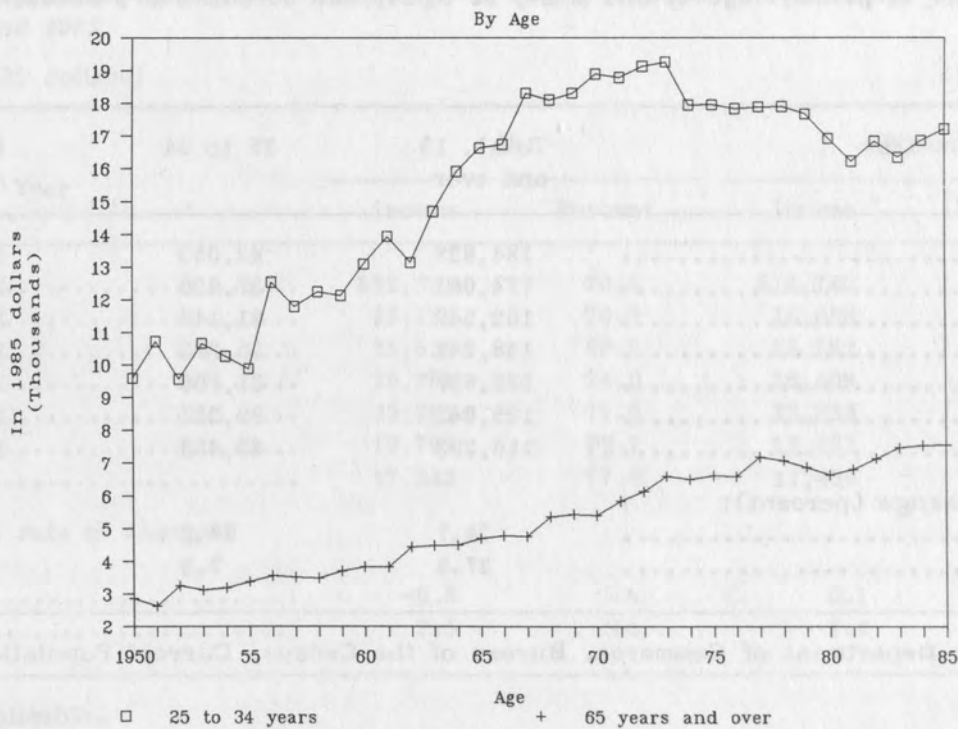


Figure 2

Table 1. Median incomes of families and unrelated individuals, with householder/individual age 25 to 34 years and 65 and over, between 1950 and 1985

[In constant 1985 dollars]

Year	Families		Unrelated individuals	
	25 to 34	65 and over	25 to 34	65 and over
1985	\$26,023	\$19,162	\$17,211	\$7,568
1980	26,648	16,819	16,925	6,653
1975	27,301	16,104	17,959	6,618
1970	27,297	13,999	18,894	5,405
1965	24,126	11,974	16,635	4,698
1960	20,669	10,523	13,099	3,829
1955	18,042	9,365	9,887	3,387
1950	15,037	8,504	9,599	2,867
Average annual rate of change (percent):				
1970-85	-0.3	2.1	-0.6	2.3
1950-70	3.0	2.5	3.4	3.2

Source: U.S. Department of Commerce, Bureau of the Census, Current Population Survey.

Table 2. Number of persons age 15 and over, 25 to 34, and 65 and over, between 1955 and 1985

[In thousands]

Year	Total, 15 and over	25 to 34	65 and over
1985	184,828	42,053	27,322
1980	174,081	37,829	24,685
1975	162,542	31,148	21,662
1970	148,241	25,295	19,254
1965	135,627	21,806	17,650
1960	125,641	22,337	15,571
1955	116,293	23,453	14,013
Total rate of change (percent):			
1970-85	24.7	66.3	41.9
1955-70	27.5	7.9	37.4

Source: U.S. Department of Commerce, Bureau of the Census, Current Population Survey.

fact remains that an unusually large number of young people came upon the scene in recent years seeking their niche in society.

Economic. The last decade and a half were years of economic problems. Recessions took place in 1974 and in the 1979-82 periods, and unemployment rose sharply. At the same time, inflation soared to annual rates in excess of 10%. Reflecting these developments, young workers, as well as other workers, had problems in the labor market. Unemployment rates for men age 25 to 34 rose from around the 2% mark at the end of the sixties to almost 7% by the early eighties. For young women the unemployment rates nearly doubled. The wage picture was bleak for both sexes. Table 3 shows the real incomes of men and women who worked at full-time jobs the year around, for selected years in the 1955-85 period. Real incomes for persons with this amount of work experience increased by roughly 2.5% a year between 1955 and 1970 for both men and women. In the next 15 years, however, the men's full-time, year-around median income dropped by 0.8% a year and the women's grew very little.

The young, of course, derive a substantial proportion of their income from the labor market, whereas the elderly do not. In 1985, for example, 83% of the young worked at some time during the year, compared with only 15% of the elderly. Consequently, the sluggish economy and weak labor market had a greater impact on the young than the old. In addition, although the incomes of the young were subject to inflation and eroding purchasing power, the incomes of many of the elderly were not. Beginning in 1975, Social Security benefits were indexed with the CPI. Moreover, the inflationary spiral of the late seventies and early eighties worked to the advantage of some of the elderly because it increased the returns from their income-producing assets. (The net rental value of owner-occupied housing, however, is not counted as income in the CPS data.) And clearly, the existence of Medicare for many of the elderly helped to improve their economic condition. (Medicare also is not counted as income in the CPS.) In short, the elderly were considerably more sheltered from the economic storms of the last decade and a half than were the young.

Table 3. Median incomes of men and women age 25 to 34, who worked full time, year around, between 1955 and 1985

[In constant 1985 dollars]

Year	Men		Women	
	Income	Percent	Income	Percent
1985	\$22,321	70.6	\$16,740	45.1
1980	23,139	70.3	16,056	39.6
1975	25,538	69.7	16,792	40.8
1970	25,282	74.0	16,409	36.6
1965	22,281	77.6	13,839	36.4
1960	19,797	72.7	12,892	32.3
1955	17,343	77.0	11,466	37.2
Average annual rate of change				
(percent):				
1970-85	-0.8	NA	0.1	NA
1955-70	2.5	NA	2.4	NA

NA - Not applicable.

Source: U.S. Department of Commerce, Bureau of the Census, Current Population Survey.

Social. Another factor often alluded to as a negative influence on median family income in recent years has been the growth of one-parent families headed by women. Divorce, marital separation, and children born out of wedlock have all contributed to the increase in single-parent families. The proportion of all families that were headed by women in 1985 was 16%, up from about 12% in 1970. This upward trend was somewhat more pronounced among the young--in 1970 about 11% of young families were headed by a woman, and by 1985 the comparable proportion was 17%. The median incomes of these families in 1985 was only \$8,900, compared with \$27,735 for all families. A growing proportion of these families tends to depress the median income for all young families.

Another Perspective on Income Trends

Whereas the trends in the median incomes for the young and elderly over the last 15 years appear to support the notion that the elderly have been doing better than the young, it is important to look at all the available income data published by the Census Bureau. Household income data from the CPS first became available in 1967, so it is possible to observe income trends in these data over the period in which the elderly were far outstripping the young in real income gains--at least according to the median-family-income measure.

Real median incomes for households in which the householder was age 25 to 34 or 65 and older between 1970 and 1985 also indicate that the incomes of the elderly were rising faster than those of the young. Real incomes of the elderly increased by 2.1% per year in the 1970-85 period while they dropped slightly for the young household (table 4).

Many other changes were taking place over these years; one of the most significant was in the average size of households. At the mid-century point, the average number of persons in households was 3.37, and it drifted slightly downward to 3.14 persons by 1970. But then the decline accelerated over the next 15 years, reaching 2.69 persons per household in 1985. This decline has been associated with the postponement of marriage

and childbearing among the young, and an overall shift to different living arrangements.

The drop in average household size was particularly sharp in the 1970-85 period for young households. In these households, average size declined by almost one person, from 3.69 to 2.87. However, for households with householders age 65 and over, there was only a slight decrease, from 1.83 to 1.77.

If one adjusts the household incomes of the young and the elderly for changes in household size by using the Census Bureau's income-per-household-member measure, a somewhat different picture of real income trends emerges.⁴ For young households, real income per household member advanced by \$2,000 between 1970 and 1985--an increase of roughly 1.5% a year (table 5). For elderly households, real income per household member rose slightly more--by \$2,400, or 1.7% a year. Clearly, the disparity in income growth during the past 15 years is less obvious using the income-per-household-member measure.

When the same adjustment is made to the incomes of all households in the Nation during these years, the real income picture is not as gloomy as the median household and family income measures indicate. Real income per household member grew by 1.4% a year in the 1970-85 period; although this is not a robust rate of growth, the increase suggests that real incomes were growing.

Levy and Michel have discussed the paradox of lackluster family income growth and rising per capita consumption (2, p. 36). They suggested that during a period of weak wage growth (like the seventies and eighties) households had to make certain adjustments in their economic behavior to insure a rising standard of living. This explanation has particular relevance for the young. Levy and Michel said they made "demographic accommodations"--many young persons postponed marriage or did not marry,

⁴A per-capita or per-person equivalence-scale adjustment assumes a two-person household needs twice as much income as a one-person household. This, however, does not allow for economies of scale in large households.

Table 4. Median incomes of all households, and households with householder age 25 to 34 years and 65 and over, between 1970 and 1985

[In constant 1985 dollars]

Year	Total households	Households with householder--	
		25 to 34	65 and over
1985	\$23,618	\$25,085	\$13,254
1980	23,121	25,245	11,464
1975	23,585	26,238	11,163
1970	24,197	26,845	9,691
Average annual rate of change (percent):			
1970-85	-0.2	-0.5	2.1

Source: U.S. Department of Commerce, Bureau of the Census, Current Population Survey.

Table 5. Incomes per household member, and average household size for all households and households with householder age 25 to 34 years and 65 and over, between 1970 and 1985

[In constant 1985 dollars]

Year	Total households		Households with householder--			
			25 to 34		65 and over	
	Income per household member	Average household size	Income per household member	Average household size	Income per household member	Average household size
1985	\$10,884	2.67	\$9,732	2.87	\$10,622	1.77
1980	10,079	2.73	9,246	2.92	9,456	1.74
1975	9,528	2.89	8,853	3.15	9,084	1.77
1970	8,824	3.14	7,743	3.69	8,203	1.83
Average annual rate of change, 1970-85 (pct) ..						
	1.4	NA	1.5	NA	1.7	NA

NA - Not applicable

Source: U.S. Department of Commerce, Bureau of the Census, Current Population Survey.

young families delayed having children, and some of the wives in these families entered the labor market to help bolster the slow growing earnings of their husbands. These demographic accommodations are associated with smaller households. Clearly, a greater proportion of the population is in the labor force today than in 1970, childbearing has been delayed for many women, and a much larger proportion of the young live alone or with other unrelated persons. Consequently, in selecting income measures by which to judge the economic condition of groups of people, one must also be mindful of the dramatic changes that have taken place in the size of households.

Another factor that should be considered in judging the economic situations of the young and the elderly concerns the income concept of the CPS income data. The CPS uses a money income concept that does not include the income implicit in many of the noncash benefits received from the government (for example, food stamps, Medicare, or subsidized housing) and from employers (for example, health insurance, life insurance, or pension plans). Both young persons and the elderly receive these benefits to varying degrees; and since they are not counted in the CPS income data, we do not have a complete picture of the income resources of both groups.

Noncash income has become an increasing share of total income in recent years. In the fifties and sixties cash incomes probably accounted for almost all income going to the young and elderly. Today the elderly benefit from Medicare and other noncash programs, whereas the young receive considerably more in the way of employer-provided benefits than their parents did and also are eligible for certain noncash benefits from the government. Integrating such income information into the CPS income data would provide us with further insight into trends in real income.

The Income Outlook

The outlook for the real incomes of the young and the elderly depends on many factors--the health of the economy, inflation, social policy, living arrangements, and so forth. Any projection should involve a number of income measures, a reconciliation as to why they differ, and an assessment of the impact of noncash benefits. Short of this, one can speculate about future income trends of the young--using Easterlin's thinking as a guide.

By 1995, the 25- to 34-year-old age group will consist of persons born in the 1961-70 period--a period in which fertility began to decline and the baby boom years came to an end. In other words, the young in 1995 will consist of a relatively smaller group of persons. If Easterlin's ideas are correct about the "tough going" of large generations and relatively easier times of small cohorts, competition in the job market should be much less, and downward pressure on wages not as severe as in the seventies and eighties. Consequently, the incomes of the young may be less affected by the factors that retarded income growth for them in the 1970-85 period.

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Household and Family Projections: 1986 to 2000

Projections of the number of U.S. households and families for the years 1986 to 2000 are based on certain assumptions about future rates of household formation and population change. Three series (A, B, and C) are presented in a report from the U.S. Census Bureau, providing a range of projections that consider past and possible future trends influencing household formation. Past trends include a decreasing proportion of young and middle-aged adults living in married-couple households; an increasing proportion of young adults (never married or formerly married) who maintain their own households; and an increasing proportion of elderly adults maintaining their own households rather than living with younger family members. In recent years, however, apparent shifts in several of these demographic trends indicate a slowing in the rate of increase in household formation. These shifts include a slight decline in the divorce rate since 1979; and, between 1980 and 1984, a growing propensity of young adults to live in homes maintained by parents.

Series A assumes a continuation of past trends in householder proportions but gives more weight to changes in recent years. Consequently, Series A projects a somewhat slower but still rapid increase in the number of households. At the other extreme, Series C assumes that abrupt changes in marriage and divorce may have come to an end and, therefore, householder proportions will remain constant during the next 15 years. Series B was developed to reflect the intermediate assumption that changes in marriage and divorce will slow considerably but not cease during the next 15 years.

Using Series A projections, the number of U.S. households would reach 110.2 million by 2000, an increase of 27% over the March 1985

figure of 86.8 million. Series B indicates 105.9 million households in 2000, and Series C, 102.4 million households, increases of 22% and 18%, respectively, over the 1985 to 2000 period. Each series of projections, however, shows a decline in the annual rate of increase of households over the period.

In March 1985 the average number of persons per household was 2.69 and the average per family was 3.23. The projections of the average size of households for the year 2000 vary from 2.32 for Series A to 2.64 for Series C. Average family size is predicted to range from 2.96 to 3.17.

According to projections of household type for the year 2000, husband-wife households would range from 47% (Series A) to 59% (Series C) of all households, compared with 58% of all households in 1985. Nonfamily households, which consist of a person living alone or with persons to whom they are not related, are projected to vary from 27% to 37% of all households, compared with 28% of all households in 1985.

Between 1980 and 1985, most of the increase in the number of households was found in the age groups 35 to 44 and 65 years and over. Between 1985 and 2000 the aging of the post-World War II baby boom cohorts will cause most of the projected increase in household numbers to occur in households with householders between the ages of 35 and 54.

Source: U.S. Department of Commerce, Bureau of the Census, 1986, Projections of the number of households and families: 1986 to 2000, Current Population Reports, Population Estimates and Projections, Series P-25, No. 986.

Household Wealth and Asset Ownership, 1984

Median household¹ net worth in 1984 was \$32,667, according to the Survey of Income and Program Participation conducted by the U.S. Bureau of the Census. Net worth is defined as the value of assets covered in the survey minus any debts. Assets covered include interest-earning assets, stocks and mutual fund shares, real estate (own home, rental property, vacation homes, and land holdings), equity in own business or profession, mortgages held by sellers, and equity in motor vehicles.² Liabilities covered include debts secured by any asset, credit card or store bills, bank loans, and other unsecured debts.

¹ Individuals living in group quarters (such as college dormitories, convents, and boarding houses), in institutions, or in military barracks--and who would not normally share financial resources--were excluded from the results shown in this report.

² Not included were equities in pension plans, cash surrender value of life insurance policies, or the value of jewelry and home furnishings.

The largest share of household net worth was held in home equity. Homeownership was reported by almost two-thirds of all households and accounted for 41% of total net worth, with a median home equity of \$40,597 (see tables 1 and 2). Interest-earning assets were the next most important asset type. Deposits at financial institutions accounted for 14% of net worth. Nearly 72% of households had interest-earning assets at financial institutions; the median amount of their deposits was \$3,066. Interest-earning checking accounts and money market deposit accounts, available since 1982 as a result of the deregulation of the banking industry, were held by 25% and 16% of households, respectively. IRA and KEOGH accounts constituted only 2% of household net worth, but were held by 20% of households. Stocks and mutual fund shares, also held by 20% of households, accounted for 7% of net worth.

Household wealth and asset ownership increased as income increased.³ Median net worth increased from \$5,080 for households with average monthly incomes less than \$900, to \$123,474 for households with average

³ Income is defined as the average monthly income received from all sources by all household members during the 4-month period prior to the interview.

Table 1. Distribution of net worth in 1984, for selected asset types

Monthly household income	Total net worth	Interest-earning assets at financial institutions ¹	Other interest-earning assets ²	Stocks and mutual fund shares	Equity in own home	Equity in motor vehicles	Equity in own business or profession	IRA or KEOGH accounts
Less than \$900	100.0	13.7	1.4	3.1	54.2	6.6	10.4	0.9
\$900 to \$1,999	100.0	18.2	2.6	2.6	48.3	7.3	8.3	1.6
\$2,000 to \$3,999	100.0	15.7	2.5	5.2	46.1	7.5	8.3	2.4
\$4,000 or more	100.0	11.5	4.3	11.4	30.2	3.9	13.2	2.7
Total	100.0	14.4	3.1	6.8	41.3	6.0	10.3	2.2

¹ Includes passbook savings accounts, money market deposit accounts, certificates of deposit, and interest-earning checking accounts.

² Includes money market funds, U.S. Government securities, municipal and corporate bonds, and other interest-earning assets.

Source: U.S. Department of Commerce, Bureau of the Census, 1986, *Household Wealth and Asset Ownership: 1984*, Current Population Reports, Household Economic Studies, Series P-70, No. 7.

monthly incomes of \$4,000 or more. Households in the bottom 26% of the income distribution owned 10% of total net worth, whereas households in the top 12% of the income distribution owned 38% of total net worth. This indicates that wealth holdings were concentrated at the top of the income distribution.

The composition of net worth differed significantly by income group (table 1). Home equity decreased in relative importance as income increased--from 54% of net worth for the lowest income group, to 30% of net worth for the higher income group. Holdings of stocks and mutual fund shares, however, accounted for 3% of the net worth of the lowest income group, compared with 11% of the highest group. The top 12% of the income distribution owned 63% of the value of stocks and mutual fund shares.

Age is correlated with net worth because of the increasing opportunity to accumulate wealth. Net worth increased during worklife from \$5,764 for the youngest households, to \$73,664 for households in the 55- to 64-year-old category; net worth then

declined after retirement to \$60,266 for those 65 years and over.

The distribution of net worth by age of householder was different from the distribution of income by age. The median household income of the under-35 age group was about twice that reported by householders 75 years and over (\$1,596, compared with \$828), but the older group had a net worth approximately 10 times that of the younger householders. Even after excluding home equity, net worth was 6 times greater for the older group.

Married-couple households had the largest median net worth--\$50,116. Female-maintained households had a larger median net worth (\$13,885) than did male-maintained households (\$9,883) because the median age of female householders was higher and net worth increased with age. One-third of the female group, but only about one-sixth of the male group, was age 65 or older. When net worth levels are compared within age groups, households maintained by females age 54 or younger had lower net worth than their male counterparts.

Table 2. Households owning assets and median value of holdings in 1984, for selected asset types

Monthly household income	Interest-earning assets at financial institutions ¹	Other interest-earning assets ²	Stocks and mutual fund shares	Equity in own home	Equity in motor vehicles	Equity in own business or profession	IRA or KEOGH accounts
<u>Percent of households owning assets</u>							
Less than \$900	47.7	2.7	6.4	42.5	62.3	7.9	4.5
\$900 to \$1,999	70.3	6.3	13.5	60.4	89.5	10.5	11.7
\$2,000 to \$3,999	84.7	9.8	26.1	76.4	96.9	14.2	26.4
\$4,000 or more	92.7	22.7	49.2	88.7	97.2	26.0	52.8
Total	71.8	8.5	20.0	64.3	85.8	12.9	19.5
<u>Median value of holdings for asset owners</u>							
Less than \$900	\$1,931	\$8,715	\$3,427	\$29,355	\$1,978	\$3,277	\$4,129
\$900 to \$1,999	2,490	9,746	3,379	36,392	3,208	3,986	4,229
\$2,000 to \$3,999	2,770	5,997	2,727	41,599	5,040	5,249	4,429
\$4,000 or more	7,351	11,635	6,466	63,439	7,597	22,713	6,616
Total	3,066	9,471	3,892	40,597	4,104	6,298	4,805

¹Includes passbook savings accounts, money market deposit accounts, certificates of deposit, and interest-earning checking accounts.

²Includes money market funds, U.S. Government securities, municipal and corporate bonds, and other interest-earning assets.

Source: U.S. Department of Commerce, Bureau of the Census, 1986, *Household Wealth and Asset Ownership: 1984*, Current Population Reports, Household Economic Studies, Series P-70, No. 7.

Net worth holdings also differed by the race and ethnicity of the householder. White householders had a significantly higher median net worth than black householders (\$39,135, compared with \$3,397). Households with a householder of Spanish origin⁴ had median holdings of \$4,913, not significantly different from black households.

⁴ Persons of Spanish origin may be of any race.

Source: U.S. Department of Commerce, Bureau of the Census, 1986, Household Wealth and Asset Ownership: 1984, Current Population Reports, Household Economic Studies, Series P-70, No. 7.

New Budgeting Guide On Managing Your Finances

The Family Economics Research Group of the Agricultural Research Service and the Extension Service announce their new budgeting workbook for consumers--Managing Your Personal Finances. This guide is designed to help consumers develop money management skills. It is divided into three sections: Section I, The Principles of Managing Your Finances, helps consumers determine their current financial situation, set goals, and make a working budget for their specific circumstances. Section II, Financial Tools Used in Money Management, gives information on savings and investments, insurance, and credit use. Section III, Coping With Change, helps consumers plan for financial adjustments to retirement and changes in the economy.

Managing Your Personal Finances is for sale from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, in individual sections or the complete set. Include the stock number(s) with your request:

HG-245 (set) SN001-000-04484-2. \$6.00
HG-245-1 (Sec. I) SN001-000-04485-1. \$3.25
HG-245-2 (Sec. II) SN001-000-04486-9. \$1.50
HG-245-3 (Sec. III) SN001-000-04487-7. \$1.75

After-Tax Money Income Estimates of Households, 1984

Data from the Annual Housing Survey, the Income Survey Development Program, and the Internal Revenue Service were combined with the March 1985 Current Population Survey data to derive the estimates shown in this report--the fifth in a series of special reports released by the U.S. Census Bureau. The main purpose of this report is to provide a better measure of year-to-year changes in household purchasing power and of differences in purchasing power between subgroups of the population. Four types of taxes were simulated and subsequently deducted from the total money income received by households in order to estimate after-tax income--Federal individual income taxes, State individual income taxes, FICA and Federal retirement payroll taxes, and property taxes on owner-occupied housing.

Mean after-tax household income in 1984 increased faster than inflation for the third consecutive year. Mean household income after taxes was \$21,564 in 1984, a 2.7% increase over the 1983 level after adjusting for the 4.3% increase in consumer prices (see table). Improved economic conditions and a 5% reduction in 1984 Federal income tax rates (the last of four annual tax-rate reductions scheduled by the Economic Recovery Tax Act of 1981) contributed to this financial gain.

In 1984, 92% of U.S. households paid one or more of the taxes covered in this study. Federal income and FICA payroll taxes were paid by 77% and 74% of households, respectively. Fewer households paid State income taxes (64%) and property taxes on their homes (61%). The mean amount of taxes paid in 1984 (\$6,398) was about \$200 higher than in 1983 after adjustment for inflation. Mean Federal income taxes did not change significantly between 1983 and 1984; however, both State income and FICA payroll taxes increased.

Mean after-tax household income, 1984, by selected characteristics

[In 1984 dollars]

Characteristic	1984 income	Percent increase over 1983 ¹
All households	\$21,560	2.7
Race or Spanish origin: ²		
White	22,370	2.6
Black	14,799	3.4
Spanish origin	17,359	3.8
Region:		
Northeast	22,001	3.1
Midwest	20,865	*1.3
South	20,951	2.6
West	23,038	3.9
Type of family household:		
Married couples with children	26,839	3.6
Married couples without children	26,454	2.9
Female householder, no husband present, with related children	12,242	3.8
Age of householder:		
Under 65 years.....	23,104	2.6
65 years and over.....	15,745	2.8

¹ Significant at the 95% confidence level, unless otherwise noted.

² Persons of Spanish origin may be of any race.

*Significant at the 90% confidence level.

Of the total taxes paid in 1984, 57% were Federal income taxes; FICA payroll, State income, and homeowner property taxes accounted for 21%, 13%, and 8% of the total. These taxes reduced the income available to households by about \$513 billion in 1984, or 22% of the total money income received. Following the payment of taxes, the number of households with incomes of \$50,000 or more fell from about 11.1 million to 4.4 million. In contrast, the number of households with less than \$15,000 of income increased from 28.9 million before taxes to 34.5 million after taxes.

About 64% of households with incomes below the poverty level in 1984 paid one or more of the four taxes studied. Tax payments reduced their mean income by about 7%--from \$4,700 before taxes, to \$4,420 after taxes. More poverty-level households paid FICA payroll taxes (44%) and property taxes on their homes (33%) than paid Federal (9%) and State income taxes (15%). However, the percentages paying Federal and State income taxes increased since 1983.

Source: U.S. Department of Commerce, Bureau of the Census, 1986, After-tax Money Income Estimates of Households: 1984, Current Population Reports, Special Studies, Series P-23, No. 147.

International Textile Trade: The Consumer's Stake¹

By Rachel Dardis
Professor
University of Maryland

Introduction

The establishment of the General Agreement on Tariffs and Trade (GATT) in 1948 was designed to liberalize trade between countries and to increase the growth and prosperity of market-oriented economies. The GATT was successful in the fifties and sixties in promoting trade liberalization, particularly with respect to tariff rates. However, higher tariff rates were retained for the textile and apparel industries. In addition, these industries received special treatment in 1962 when the Long-Term Arrangement on Cotton Textiles (LTA) became effective. This agreement authorized quantitative restrictions on imports of cotton textiles from particular low-cost sources (notably the developing countries) and was a major departure from the nondiscrimination rules of the GATT system. The LTA was followed by a Multi-Fiber Arrangement (MFA) in 1974, which has been renewed several times. The MFA increased the scope of trade restrictions for textile products and established rules for the negotiation of quantitative restrictions on imports between developing and developed countries.

This article examines the impact of trade restrictions for textile products on consumer welfare. The first section examines consumer gains from trade, and includes the impact of trade on domestic producers. The second part focuses on the growth of trade restrictions for textile products, with particular emphasis on quantitative restraints. The static and dynamic costs of trade restraints are examined in the third part of the paper, and the fourth section provides empirical estimates of the impact of trade restraints on consumers of U.S. apparel in 1980.

¹This article is condensed from a paper presented at the Annual Agricultural Outlook Conference in December 1986 in Washington, DC.

Consumer Gains From Trade

Consumer gains are based on the increase in consumption possibilities due to trade. Trade encourages countries to specialize in the production of goods and services for which they have a comparative advantage, and to pass on any cost saving from such specialization to consumers. In addition, trade enables consumers to purchase goods and services from an international rather than a national marketplace, and to take advantage of production possibilities in different countries.

Measurement of the consumer benefits from trade is based on consumer willingness to pay for the product or on consumer demand for the product (3). In an open economy, a country will import goods as long as the world market price is lower than the world supply price (including transport costs). The initiation of trade will result in a lowering of domestic prices. Domestic production will decline and domestic consumption will increase. Imports account for the difference between domestic demand and supply. Although the consumer gains from trade, the producer loses. The divergence between producer and consumer interests should be borne in mind in evaluating trade regulation policies.

The dynamic gains from trade are even more significant. First, trade provides a stimulus to domestic producers to respond to changes in production technologies and to adopt the lowest cost methods of production. The U.S. steel and automobile industries are examples of industries that have adopted new production technologies from abroad due to the pressure of international competition (2, 11). Second, trade encourages process and product innovation as producers seek to maintain their competitive position on international markets. Finally, trade creates an environment in which producers are responsive to consumer needs.

Trade Restrictions for Textile Products

The textile and apparel industries in developed countries are protected by both tariffs and quotas. Tariffs have remained high on textile products in spite of various tariff-cutting rounds that have reduced tariffs on manufactured goods (10).

Quotas have existed since 1962 when the LTA became effective. The LTA allowed importing countries to limit their imports of cotton textiles from low-wage or developing countries. The LTA was renewed for 12 years until the expansion of textile production in developing countries and the growth of the manmade-fiber industry rendered it ineffectual. Pressure from the developed countries' textile industries to close the loophole in the LTA led to its replacement by the MFA in 1974. The new arrangement was more liberal initially than the LTA, though its scope was widened to include manmade fiber and wool textiles.

The MFA was also viewed as a temporary measure and was designed to last 4 years. It established a framework for managing trade in textiles and apparel that would ensure the following: (1) Encourage trade expansion and the gradual removal of trade restrictions, (2) increase the economic development of developing countries and their share in world textile trade, and (3) provide time for industries in developed countries to adjust to international competition.

The MFA had two important features. First, it allowed developed countries to restrict imports from developing countries. The imposition of quotas on a selective bilateral basis is contrary to the basic GATT rules of trade where trade is conducted on a nondiscriminatory, multinational basis. The second feature was that only exports from low-cost developing countries were restricted. Thus, trade between developed countries continued under normal GATT rules. According to Smallbone (10), this resulted in trade diversion from poor to rich countries.

In spite of these characteristics, the MFA has been renewed three times since its inception in 1974 (1977, 1981, and 1986). Its renewal has been attributed to the fact that "the policy choice in the textile and apparel sector has never been a choice between GATT rules and the MFA, but between the MFA and more severe modes of national protection" (13). In addition, each extension of the MFA has allowed importing countries to impose greater restrictions than existed previously (10).

The permanent nature of "temporary" arrangements such as the LTA and the MFA casts doubt on the effectiveness of such arrangements in achieving the "progressive liberalization of world trade in textile products" (a stated objective of the MFA) and in facilitating the restructuring and adjustment of import-impacted industries. The negative effect of continued protection in adjustment has been noted in an Organization for Economic Cooperation and Development study (9) that cautioned that "protection itself becomes less effective in promoting adjustment when--as a result of the repeated renewal of protectionist measures--the firms being protected have no reason to expect that they will ever be exposed to the full challenge of international competition."

Cost of Trade Restrictions for Textile Products

Static effects. Static costs and benefits are confined to the short-term effects on consumer prices and choices as well as output and employment gains in the protected industries. Tariffs increase prices directly, whereas quotas increase prices by reducing the quantity of the good that may be imported. Price increases, in turn, will increase domestic output and employment, though the latter may also be affected by industry modernization due to the pressure of international competition.

Most authorities agree that a tariff does not provide the same degree of protection to the domestic manufacturer as a quota, since a reduction in world market prices will weaken the protective effect of a tariff. In addition, the foreign manufacturer may reduce prices in order to offset the price increase from a tariff. In contrast, a quota limits the quantity of foreign goods that may be imported irrespective of price changes. Also, quotas may encourage trading-up by exporters as they seek to maximize their revenue profits. According to Smallbone (10), both Hong Kong and Taiwan have encouraged their apparel industries to move into higher value production. She noted that such developments will reduce the supply of "cheap imported clothing," since the number of new entrants (who might manufacture inexpensive clothing for exports) is

restrained by the MFA. Bergsten (2) also noted the vulnerability of low-income consumers to import restrictions.

Dynamic effects. The dynamic costs of trade restrictions for textile products include the impact of decreased competition on firms in the importing country. There is less pressure to be efficient, innovative, or responsive to changes in consumer demand since protection means that domestic firms are insulated to some extent from international competition. The continued protection of the textile and apparel industries in developed countries also affects the growth of other sectors of the economy, in particular the exporting sector. A study by a European Task Force on trade protection (1) concluded that protection is likely to retard the transfer of resources to efficient exporting industries (which is vital to the country's future prosperity) and at the same time retain resources in inefficient industries that need government support and government programs in order to survive. Finally, the MFA limits the participation of the poorest developing countries in world trade of textiles and apparel (6).

Dynamic benefits from import restrictions, according to Smallbone (10), could include "economies of scale which manufacturers might obtain from running their firms at a higher level of production than they were

able without import restrictions; greater incentive to invest in better technologies granted by the higher profits; and the opportunity for the industry to reorganize itself into better-sized, more productive units." However, these potential benefits must be considered in relation to a "possible permanent loss of competitiveness of the protected sector," as well as the diversion of resources to the protected sector.

Impact of Tariffs and Quotas on Consumers of U.S. Apparel

Previous research by Dardis and Cooke (4) and Hickok (5) show two major characteristics of import restraints on apparel. First, import restraints involve income transfers from domestic consumers to producers, whether domestic or foreign. Second, import restraints are regressive.

The estimated costs of U.S. import restraints on apparel in 1980 are given in table 1 (expressed in 1984 dollars). Total consumer losses are approximately \$13 billion, with consumer expenditure losses accounting for the major portion of such losses. Deduction of producer gains and tariff revenue from consumer losses results in a welfare loss that ranges from \$0.742 billion to \$1.160 billion, depending on the price elasticity of demand. This welfare loss is relatively small, reflecting the

Table 1. *Costs of trade restrictions on apparel in 1980*

[1984 dollars]

Component	Price elasticity of demand	
	0.25	0.50
	(billions of dollars)	
Consumer expenditure loss	12.688	12.688
Reduction in quantity loss	0.418	0.836
Total consumer loss	13.106	13.524
Producer gain	10.394	10.394
Tariff revenue gain	1.970	1.970
Welfare loss	0.742	1.160

Source: Dardis, Rachel, and Katherine Cooke, 1984, The impact of trade restrictions on U.S. apparel consumers, *Journal of Consumer Policy*, Vol. 7, pp. 1-12.

fact that consumer losses are offset by domestic producer gains. Thus, trade restraints result in income transfers from consumers to producers.

Employment gains were not included in the estimation of welfare loss, since such gains are likely to be offset by losses in other sectors of the economy including the distribution and export sectors. In addition, it might be argued that workers will not remain permanently unemployed if protection ceases (7).

The costs of trade restraints as well as their impact on different income groups was investigated by Hickok (5). Total consumer losses in her study ranged from \$8.5 billion to \$12 billion for price increases of 17% and 25%, respectively. The tax effects, based on a 25% price increase, are given in table 2. The income-tax surcharge due to protection ranges from 3% for the highest income group to 23% for the lowest income group. Values for a 17% price increase range from 2% to 15%. These data clearly indicate the regressive nature of trade restraints and the fact that they penalize low-income consumers.

Conclusions

Trade restraints for textile products impose high costs on consumers and the economy. The short-term costs are higher prices paid by consumers and the reduction in consumer choice due to product upgrading. The regressive nature of trade restraints also means that low-income consumers bear a disproportionate share of the cost of protecting domestic firms and workers. The dynamic or long-term costs include the lack of incentive for the protected industries to respond to changes in production and consumption and the effects of protection on other sectors of the economy.

In contrast, the benefits from trade restraints may be limited. Trade diversion and product upgrading reduce the efficacy of trade restraints as new sources of supply and new products continue to exercise competitive pressures on the textile and apparel industries in the developed countries. Thus, the share of the developed countries in world textile exports has declined from 78% in 1970 to 63% in 1983. The corresponding figures for world apparel exports are 63% and 44% (12). During this same period, the market share controlled by the developing countries has increased from

Table 2. Tax effect of trade restrictions on apparel in 1984

Income range	Cost of protection as a percent of income	Federal income tax rate	Income tax surcharge equivalent to cost of protection ¹ (percent)
\$7,000-\$9,350	1.56	6.90	23
\$11,700-\$14,500	1.38	9.64	14
\$16,400-\$18,700	1.32	11.49	11
\$23,400-\$28,050	1.23	14.56	8
\$35,100-\$46,800	1.15	19.93	6
\$58,500 and over	0.94	30.70	3

¹Cost of protection as a percent of income, divided by the applicable Federal income tax rate.

Source: Hickok, Susan, 1985, The consumer cost of U.S. trade restraints, Quarterly Review 10(2):1-12, Federal Reserve Bank of New York.

15% to 25% for textiles and from 21% to 41% for apparel.

Decisions concerning trade policies for the textile and apparel industries in the developed countries have also neglected the interests of other parties who are adversely affected by such policies. The major groups are (1) exporting industries in developed countries, (2) smaller, poorer developing countries who have been late entrants on the textile scene, and (3) consumers in the developed countries. The lack of consumer input in trade-policy decisions was noted in the following from a recent OECD study (8):

"Consumers and consumer representatives are often at a disadvantage in terms of influencing trade policy decisions. Consumer interests are generally more diffuse geographically and in terms of product coverage than those of domestic producers of a particular commodity. Further, having focused to date their efforts on the implementation of consumer protection laws, for lack of resources or other reasons consumer representatives may not always have been aware of the consumer impact of trade policy measures and thus may not have taken full advantage of existing possibilities to exert influence on trade policy decisions."

This lack of awareness may explain consumer apathy in the past to trade policies that are detrimental to their interests. The challenge for consumer educators is to alert consumers and consumer representatives to the consequences of various trade policies so that they may become effective in advocating policies that promote their interests.

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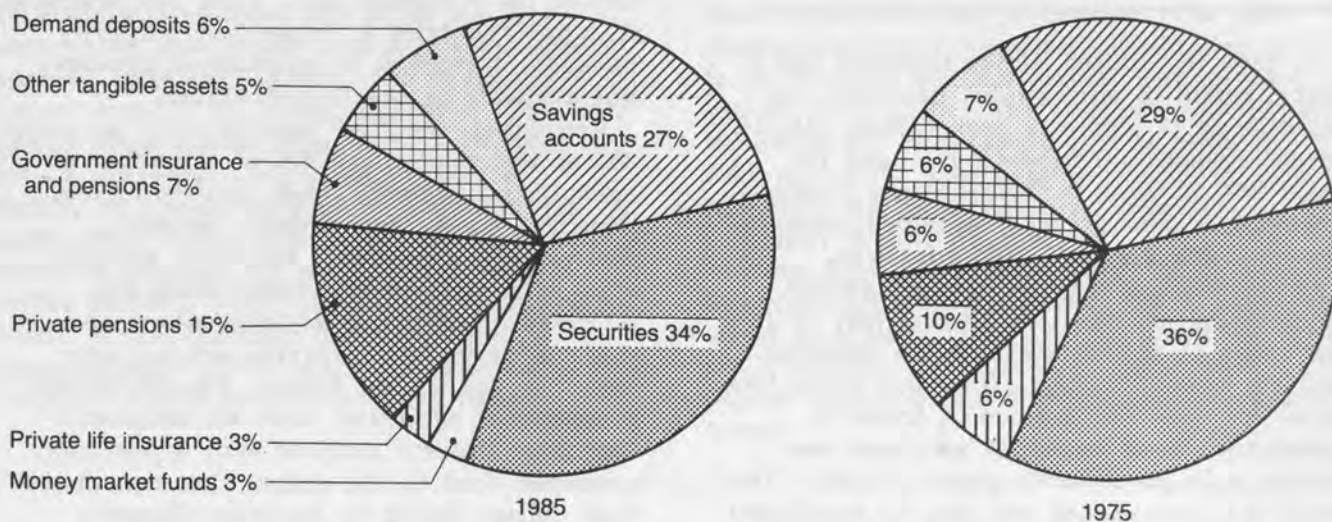
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Some New USDA Charts

Chart 177

Distribution of Financial Assets

In 1985, individuals held 67 percent of their financial assets in securities, savings accounts, and demand deposits, down from 72 percent in 1975. The proportion of assets in private pensions and money market funds increased during this period.

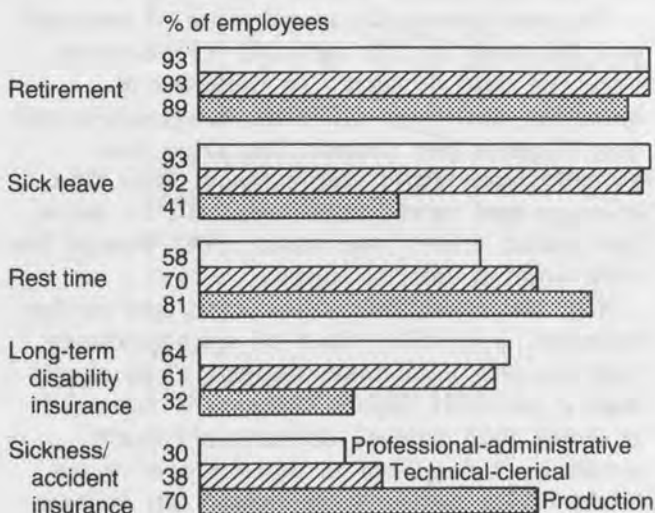


Other tangible assets include residential and nonresidential fixed assets, consumer durables, and inventories. Source: Federal Reserve Board.

Chart 170

Employee Benefits

Over 95 percent of all full-time employees receive paid holidays and vacations and participate in group health and life insurance plans.

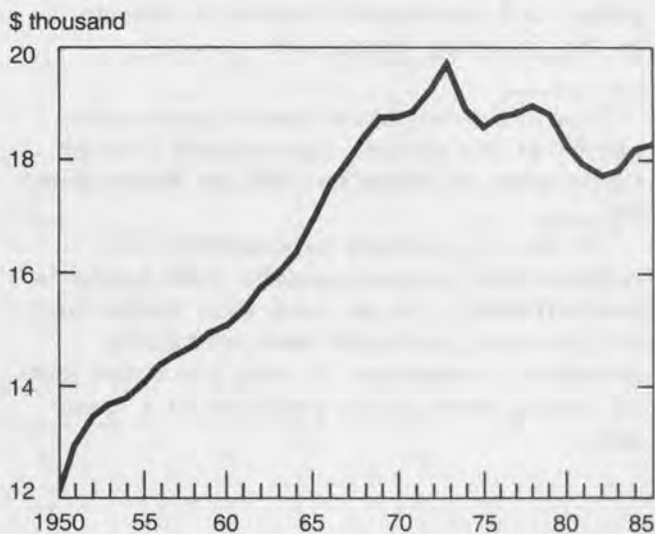


1985 data. Full-time employees in private industry. Source: Bureau of Labor Statistics.

Chart 168

Real Wage and Salary Income per Civilian Employee

After steady gains throughout the 1950's and 1960's, real wage and salary income peaked in 1973 at \$19,705, and then declined until 1982.



Sources: Bureau of Economic Analysis and Bureau of Labor Statistics.

Impacts of Imports on Food Prices and Choices¹

By Jean Kinsey

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In 1986 the United States imported \$19.3 billion worth of agricultural products, an increase of 7% over the year before. About 86% of agricultural imports are used for food; 40% of these imports are not produced domestically and do not, therefore, compete directly with domestic farm products. Agricultural exports traditionally exceed agricultural imports, but during May of 1986 the value of agricultural imports exceeded exports by \$152 million. Only one other time since 1959 has the balance of trade in agriculture been negative, and that was during a longshoremen's strike in 1971. This time, the phenomenon was due to significant declines in agricultural exports (down 12% in value and 23% in volume, compared with May 1985) and temporary increases in the value of imported coffee and tomatoes.

In the absence of any political or economic barriers to trade, imported food should provide U.S. consumers with wider choices at prices lower than would prevail if the same foods were produced locally.² The actual impact of food imports on food prices and consumers' choices is described in the following discussion.

¹This article is taken from a paper presented at the Annual Agricultural Outlook Conference in December 1986 in Washington, DC.

²In theory, as long as countries or regions that produce specific food products most efficiently do so, and then trade them for products produced more efficiently elsewhere, consumers in both countries gain by having more goods available at a lower cost.

Complementary Imports

Food imports are classified as complementary if they are not produced domestically, and as supplementary if they add to or compete with domestic production (7). Complementary food imports increase the variety of foods from which consumers can choose, and improve both the taste and nutritional stature of the American diet. They are produced in other countries at lower cost primarily because of tropical or specialized climates not available in the United States.

Complementary food imports comprise about 30% of the volume and 40% of the value of agricultural imports. They include coffee, bananas, cocoa, tea, spices, tropical fruits, some tree nuts, and some cooking oils. Although the last three items are officially classified as supplementary or competitive imports, several are not produced in the United States. The distinction is somewhat arbitrary since all complementary food imports compete with domestically produced food to the extent that consumers' food dollars would be spent on domestic products in the absence of imports.

The per-unit import value of five important complementary imports has fallen absolutely and in constant 1980 dollars between 1980 and 1985. In real terms, the per-unit import value of spices fell 33%, cocoa beans fell 34%, chocolate preparations fell 32%, and coffee fell 12% (figure 1). The average retail price of coffee also fell 4.5% in real terms during that time.

The real per-unit import value of bananas and tea rose by 25% and 19%, respectively, over the past 6 years. In the case of bananas, however, a 25% increase represents only 2 cents per pound; the price has actually been quite stable since 1981. The average real retail price has been 34 cents per pound every year since 1980, except for 1982 when it was 33 cents.

With the exception of tea, and less so for bananas, per unit values of complementary food imports have been falling. When these falling per-unit import values are reflected in lower food prices, consumers benefit either by being able to buy more of these foods or by having more money left to buy domestically produced foods and other goods and services. One factor that can keep

lower import prices from being reflected in lower retail food prices is import tariffs, fees, or other trade barriers. Complementary food imports are not, however, generally subjected to tariffs or other overt trade restrictions.

Changes in the prices of complementary imported foods are primarily a function of world supply, which is, in turn, a function of weather conditions and other major unforeseen and largely uncontrollable events such as wars and cartels. For example, a recent drought in Brazil destroyed over one-half of their coffee crop. Brazil provides 30% of the world's high-quality coffee beans, and when they had a short supply in early 1986, coffee prices rose about 50%. In order to maintain its share of the world's coffee market, Brazil bought less expensive beans for its domestic consumers and exported most of its own crop. Decreases in Brazilian coffee production have been

partially offset by increased production in Africa, Indonesia, Thailand, the Philippines, and other parts of South America. Overall, world coffee production in 1986-87 is expected to be down about 14%. Barring another drought, the price of coffee beans is expected to drop back to normal by mid-1987.

Other weather-related effects include a 1984 drought in Kenya, which decreased their coffee and tea production. Tea production has since increased 29% in Kenya; it is up in India and Sri Lanka, but is down somewhat in China. The real per-unit import values of tea increased over 18% between 1980 and 1985. The large increases in 1983 and 1984 can be attributed, at least partially, to bad weather.

Cocoa bean production in the Ivory Coast is expected to be down about 2% in 1986, but world production should be up about 2% overall. Cocoa and chocolate products' per-unit import values should continue their downward trend.

Complementary Foods 1980-1985

Import values (1980 dollars per pound)

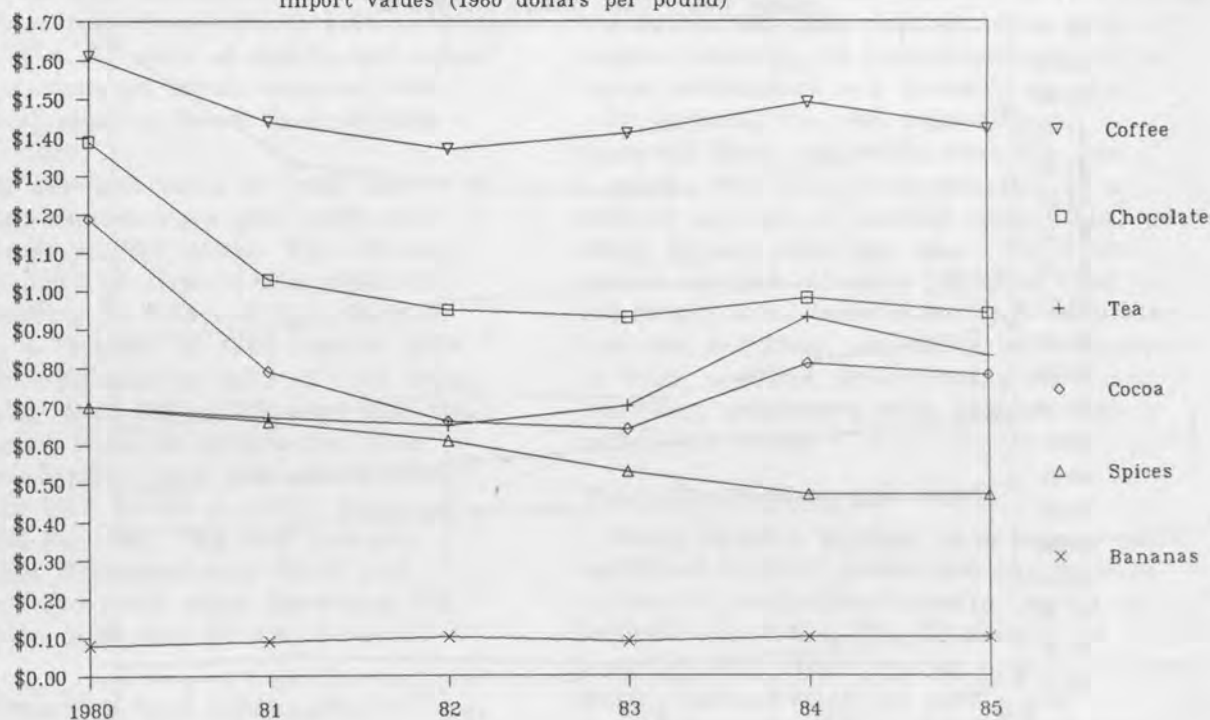


Figure 1

Supplementary Imports

Food imports that are close substitutes for domestically produced agricultural products are called supplementary or competitive. They compete directly with domestic producers for the consumer's food dollar. These foods are imported because: (a) Domestic demand exceeds domestic supply, as in the case of sugar. (b) They are produced more efficiently (at lower cost) elsewhere, and it is cheaper for us to import them than to produce them domestically. (This is true of casein, for example.) (c) They are not perfect substitutes for locally produced food--they provide unique taste characteristics that can be obtained only in certain regions of the world or with particular processing skills. They may or may not be less expensive than their American counterparts, but consumers demand them because they add variety to the diet. Many European cheeses and wines exemplify this

type of food import, as does fresh produce available from warmer climates during our wintertime.

Supplementary food imports include beef, pork, fish, cheese, fruits and fruit juices, fresh and processed vegetables, wheat flour and bakery products, sugar, some vegetable oils, and casein. They comprise about 70% of food imports by volume and 60% by value. Over 85% of them are processed foods so that considerable value has been added to the raw agricultural commodity before it enters the United States. Processed foods for which the import value more than tripled between 1972 and 1982 include fresh and frozen pork, poultry, dairy products, cheese, casein, biscuits, cakes and wafers, wine, malt beverages (beer), vegetable oils, and coconut oil (9).

Real per-unit import values declined steadily over the past 6 years for red meats, wheat flour products, sugar cheese, and malt beverages (beer) (figure 2). For

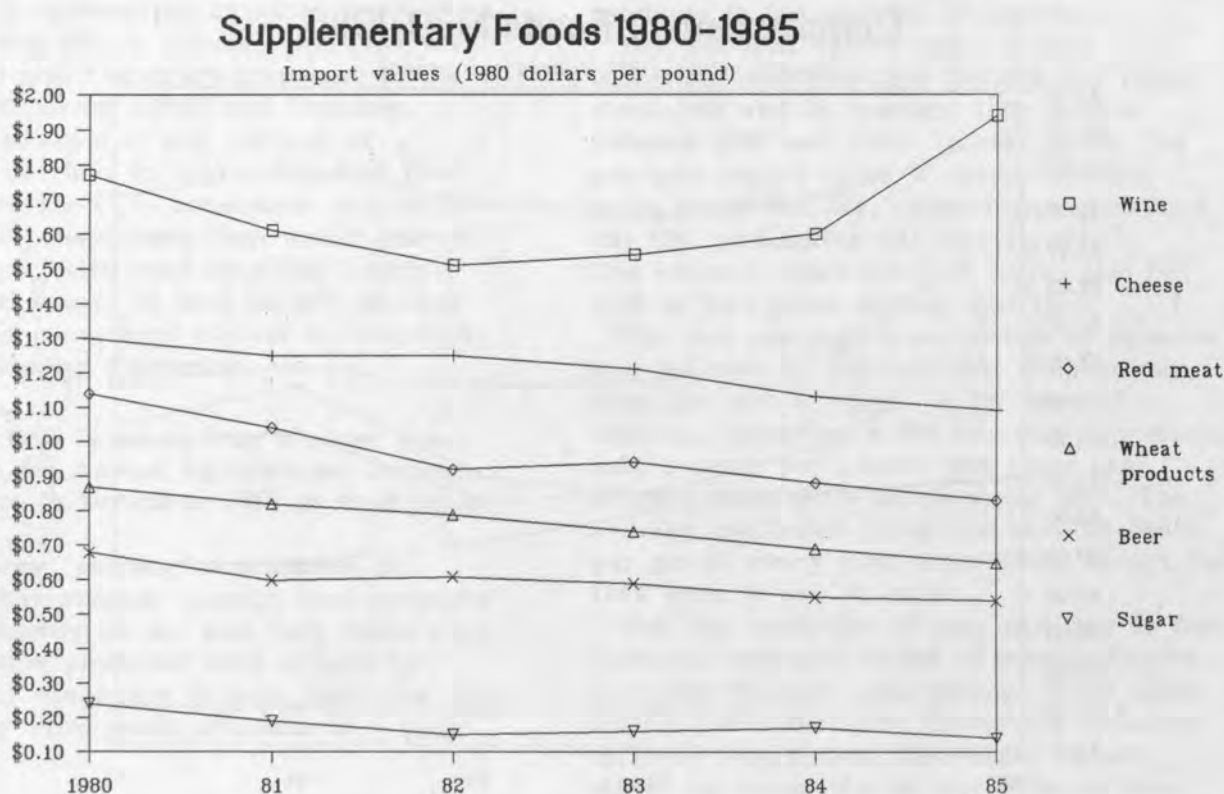


Figure 2

beer, meats, and grain products, this corresponds with an increase in the import consumption ratio.³ It would seem that these foods were being imported on the basis of comparative advantage in production, and that consumers should benefit by lower food prices. In fact, the real retail prices of ground beef, whole wheat bread, and white flour did fall by 1%, 10%, and 23%, respectively. On the other hand, the average real retail price of canned hams (many of which are imported) increased 3%, and T-bone steaks (almost none of which are imported) increased 4%. Many factors influence the changes in retail prices of supplementary food imports. These include tariff and non-tariff trade barriers, weather conditions, and both worldwide and domestic supplies.

In 1986 both domestic and world supplies of red meats were high relative to demand, and production is expected to increase from 101.7 million tons in 1985 to 102.6 million tons in 1987. This should tend to depress price increases of red meat for several months.

Fruit and vegetable imports are more sensitive to weather vagaries than most other food imports. The import consumption ratio of vegetables rose from 3.7% to 4.8% between 1980 and 1984. In spite of tariffs and other trade regulations on tomato imports, the average real price of fresh tomatoes fell 7.5% since 1980.

The real per-unit value of fresh and frozen fruit imports rose until 1983 and then dropped to 1980 levels. The average real retail price of strawberries reflects this by peaking in 1982 and then falling, ending up 4.7% lower in 1985 than in 1980. The import consumption ratio of total fruit rose steadily from 26% to 32% over that time.

Fruit juices behaved differently. The import consumption ratio rose dramatically from 13% in 1980 to 56% in 1984, dropping back to 39% by 1985. The real per-unit import value fluctuated only \$0.01 per pound, but the retail price increased 11%. Heavy frosts in Florida in 1984 forced a

large increase in imported citrus juice, mainly from Brazil. Citrus production in South America and Australia has increased since 1984, increasing world supplies. This should hold down future price increases in citrus fruits.

Normal or above normal production of table grapes, peaches, nectarines, and apples around the world is expected in 1986-87. Their real prices are not expected to rise. Fruits that may be in short supply in 1987, with projected price increases, are pears, apricots, cherries, and processing tomatoes. The supply of almonds was diminished by bad weather in almond-producing areas around the world, so rising prices can be expected.

Real per-unit import values of wine fell between 1980 and 1983 and then rose 21%. Cooking oils' real per-unit value fell overall, but was 42% higher in 1984 than before or after. Most of this was due to big increases in the per-unit value of coconut oil during 1984. However, the price of palm oil may decline in the future because Colombia is expanding the area devoted to its production.

The real per-unit import value of sugar declined 42% over the past 6 years, whereas the real retail price fell 30%. The price of sugar, however, is determined largely by trade restrictions and domestic supply.

In general, the real price of most imported foods has fallen over the past 6 years. One could interpret this as a natural outcome of healthy competition, but other factors come into play. Worldwide excess supplies of some products tend to depress prices. Innovations in transportation and handling, especially with respect to fresh produce, are lowering costs and providing consumers with greater variety and lower prices.

Trade Restrictions and Prices

Every country aspires to be nearly self-sufficient in food production and is loath to see its productive capacity eroded by import competition. The United States, as well as every other trading country in the world, has a variety of tariffs and nontariff barriers to importing food that competes with domestic production. Although these trade barriers are designed to serve

³The percent of total consumption of specific foods that is made up of imports.

many good purposes, lowering the price of food to consumers is not one of them.

The United States has import tariffs on 82 different categories of supplementary food imports representing about 36 different types of food. Of these tariffs, 22% are an ad valorem⁴ tax; the rest are fixed rates ranging from 0.1 cent per pound for fresh peaches in brine entering during the summer months, to 35 cents a pound for table potatoes, and \$1.34 per gallon of champagne-type wines. Ad valorem tariffs range from 3% on corned beef, to 35% on prepared apricots (6).

Tariffs increase the price of foods on which they are levied, but they are not changed often and are not generally a cause of price fluctuations. Furthermore, tariff rates have tended to decline over time, and the use of nontariff trade barriers (quotas, licenses, and embargos) has increased. The United States uses absolute quotas to restrict the quantities of red meat, sugar, and dairy products being imported. There are tariff-rate quotas on fluid milk, live cattle, and (until 1988) seed and table potatoes. Duties and import fees are fairly common. A wide variety of domestic regulations that specify grade, size, quality, maturity, sanitation, health, and labeling standards for specific food, though not designed as trade barriers, can act as such. They raise the costs of importing, but they also protect the health and safety of consumers (6).

Import restrictions tend to raise prices of imported products and lead to retaliatory measures by trading partners, resulting in overall diminished volumes of trade. Trade wars are known to raise consumer prices and, ultimately, hold down consumer incomes by slowing the rate of economic growth. Houck estimated (3) that restricting imports and exports in the United States by 25% would increase the import prices of foods and beverages by 23% in the short run. The longrun price for a new mix of domestically produced and imported foods would increase 0.5%. Longrun price increases for all imported agricultural commodities were similarly estimated to climb over 25%.

Several examples of the predicted or actual impacts of current trade restrictions on food prices bear examination. For example, studies by the World Bank (11) estimate that consumer food prices in the United States are 17% higher than they would be without trade restrictions.

Import quotas on beet and cane sugar clearly illustrate how import restrictions result in higher food prices. Import quotas on sugar are set so that only the difference between domestic demand and domestic production is imported. We pay about 20 cents per pound for imported sugar (the price deemed necessary to keep the domestic sugar producers in business), but the world price is about 6 cents. The difference of 14 cents times the 1984 domestic sugar consumption of 17.3 billion pounds is \$2.4 billion. This averages \$9.50 per household, or about \$3.52 per person per year. This rough calculation is very close to the \$2.5 billion consumer welfare loss estimated by Dardis (2). Others have estimated that out of the extra \$2.5 to \$2.9 billion U.S. consumers spend per year for sugar, \$1.6 to \$1.8 billion is transferred to domestic sugar producers, \$0.5 to \$0.66 billion is transferred to the countries holding the quota rights, and about \$0.5 billion is "lost to the economic winds" (8).

Considerable discussion about restricting imports of casein has taken place. The hope is that such restrictions would cause casein users to switch to nonfat dry milk, alleviating some of its excess supply and lowering Government costs related to the domestic dairy program. Casein is not produced profitably in the United States primarily because of high support prices for nonfat dry milk. A study conducted by Manchester and Lipton (5) showed that either a 50% quota or a 50% ad valorem tax would result in higher food prices of \$66 million and \$180 million respectively. Furthermore, the ad valorem tax would have little or no impact on Government costs. A 50% quota could, however, save between 4% and 14% of the total \$2.2 billion cost of the dairy program. The higher figure assumes that all cheese made with casein is replaced by natural cheese. Coffee whiteners and dessert toppings use about 20% of the imported casein. For these products, there is no good

⁴Imposed at a percent of the value.

substitute for casein and import quotas on casein would raise their prices.

With a growing recognition that trade barriers imposed "at the border" (tariffs, quotas, and licenses) tend to trigger retaliation, domestic production subsidies are playing a larger role in determining the flow of trade (1). Domestic policies that subsidize production may actually lower food prices but can increase taxpayers' costs. Domestic production quotas, especially when combined with import quotas, almost certainly raise consumer food prices. For example, a domestic production quota on peanuts keeps the price of peanuts about three times higher than the world price. We pay one-third the price for peanuts produced in excess of quota, but we do not import peanuts at this lower price (4).

Consumer gains from imported goods depend on trading for goods produced in countries that have a comparative advantage in their production. Cost savings from specialization and trade can be passed on to consumers in the form of lower prices in the absence of trade barriers. Furthermore, trade provides an incentive for domestic producers and processors to improve their technology and efficiency by adopting lower cost production methods. This ultimately lowers consumers' costs. Trade also fosters product innovation reflecting consumer demand, and generally increases consumers' choices.

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Financial Well-Being of Farm Operator Households

Almost one-sixth of all U.S. farming households had negative total incomes in 1984, whereas about one-ninth had total incomes of more than \$60,000. This disparity in a year with relatively high farm income demonstrates the importance of income distribution in determining the overall financial well-being of farm operators and their households. Research findings¹ reported by Mary Ahearn in a publication from USDA's Economic Research Service (ERS) indicate that income was very unequally distributed among farm households.² Evidence suggests that the distribution of income among farming households has become more unequal over time, largely because of the structural changes that have occurred in agriculture.

In 1984 total income (from farm and off-farm sources) averaged \$26,633 for farm operator households, excluding the value of inventory adjustment. About three-fifths of the total income earned by farming households came from off-farm sources. Most of the income earned on the farm comes from the rental value of farm dwellings, home consumption of farm-produced food, and wages and benefits that operators pay themselves and their households.

Nearly 40% of farm operator households had low money income in 1984, defined as below \$10,610. Using the farm operator's major occupation and level of money income, the financial positions of the following four types of farm households are calculated in the report (see table).

Type I. Nearly 30% of farm operator households had low money incomes and an operator with farming as a major occupation. Type I households had a negative average income. The farms of the type I households

¹Data from the 1984 Farm Costs and Returns Survey.

²A relatively high Gini index of 0.60 was found for farm operator households in 1984. The Gini index for all U.S. families in 1983 was 0.38. The Gini index, which measures the shape and distribution of income inequality, takes the value of 0 for perfect equality and 1 for perfect inequality.

had about one-quarter of the farming sector's sales. Their farm equity was relatively high with the highest debt-to-asset ratio of the four types. Average benefits from government farm programs were slightly below the average for all farms. These households have a great need for Government support programs because their incomes are low, their production is relatively high, and their major occupation is farming.

Type II. About 35% of farm households had incomes greater than \$10,610 and farming as a major occupation. The sales of type II operations were more than 60% of the farming sector's total sales. Type II households had the highest average income (and the highest average asset, debt, and equity) of all four household types. Farm income made the most significant contribution to their high incomes. Off-farm income was derived primarily from sources such as interest, dividends, transfer payments, and rental of nonfarm property, rather than from nonfarm wages and salaries. The average Government payment of nearly \$4,000 was the highest received by any household group, although it made a relatively small contribution to their total incomes.

Type III. Only about 10% of farm operator households had low money incomes and an operator whose major occupation was not farming. Their sales and expenses were much lower than type I households, but both types had negative net farm income. The higher off-farm income of type III households made their total income losses less than those of type I households. Considering their nonfarm primary occupation, type III households earned relatively little off-farm income. Their average equity was below the average farm operator household's equity. Their debt-to-asset ratio of 0.16 was relatively low. These households are only slightly affected by farm income support programs because of their low production levels.

Type IV. About one-quarter of farm households had income levels above \$10,610 and an operator with a major occupation other than farming. This group of households had a positive farm income and a large average income from off-farm sources. Their

Item	Major occupation			
	Farming		Other	
	Low money income	Above low money income	Low money income	Above low money income
	Type I	Type II	Type III	Type IV
Total farm income	-\$17,681	\$39,438	-\$18,431	\$4,627
Business farm income	-20,298	33,398	-19,589	3,669
Gross income	53,123	125,506	24,638	30,734
Expenses	73,420	92,108	44,226	27,065
Government farm payment	1,711	3,805	348	495
Wages paid household members	906	2,235	810	462
Total off-farm income	4,337	12,439	6,864	38,544
Nonfarm wages and salaries	1,411	4,009	4,163	23,247
Wages and salaries, other farms	145	198	200	103
Business and professional	530	2,197	1,464	11,655
Other	2,251	6,035	1,036	3,539
Total household income	-13,344	51,877	-11,567	43,170
Assets	314,883	449,685	240,589	198,343
Debts	88,211	97,398	37,676	29,981
Equity	226,672	352,286	202,912	168,362

¹ Data from the 1984 Farm Costs and Returns Survey, USDA.

Source: Ahearn, Mary, 1986, Financial Well-Being of Farm Operators and Their Households, Agricultural Economic Report No. 563, Economic Research Service, U.S. Department of Agriculture.

average farm sales were in the same range as type III households, but their expenses were much less. The average total income of type IV households was second only to type II households. Their farm assets, debt, equity, and debt-to-asset ratio are the lowest of all household types. These households are relatively unaffected by farm programs because of their small contribution to production.

Farm households experience lower incomes on average than nonfarm households. The gap between the average income of farm households and nonfarm households, however, has lessened somewhat over time as a result of the increases in off-farm income. Farm households have a higher proportion of households in both the lowest and highest income groups than do nonfarm households. Another difference in the financial well-being of farm and nonfarm households is evident in the income-to-equity relationships. Farm households tend to have smaller

income-to-equity ratios than do nonfarm households, indicating that farm households are apt to have more wealth at lower income levels or, conversely, that their wealth is likely to earn them less income than nonfarm households.

The ERS report also contains definitions of types of incomes, descriptions of different groups of people who are associated with farms, and guidelines for comparing the financial well-being of nonfarm and farm households. Numerous tables also permit comparisons of farm household income classes by sources of income, agricultural product sales, region, type of production, farm equity classes, and debt-to-asset ratios.

Source: Ahearn, Mary, 1986, Financial Well-Being of Farm Operators and Their Households, Agricultural Economic Report No. 563, Economic Research Service, U.S. Department of Agriculture.

New Publications

The following are for sale from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, (202) 783-3238:

- **Food Consumption, Prices, and Expenditures, 1985.** SB749. January 1987. SN001-019-00499-1. \$5.50.
- **Research for Tomorrow: 1986 Yearbook of Agriculture.** January 1987. SN001-000-04472-9. \$9.50.
- **1986 Agricultural Chartbook--Enlargement version** (black and white charts, each on an 8- by 10-inch page). SN001-019-00487-8. \$15.00.

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The following are available from the Consumer Information Center, P.O. Box 100, Pueblo, CO 81002, (303) 948-3334:

- **A Woman's Guide to Social Security.** What women should know about benefits upon retirement, disability, widowhood, or divorce. Revised September 1986. 15 pp. (SSA) 512R. Single copy free.
- **The Mortgage Money Guide.** Handy guide to different types of mortgages and loan financing options; includes information on refinancing. 16 pp. Revised 1986. (FTC) 129R. \$1.00.

Employment of Retired-Worker Women¹

As part of the Social Security Administration's New Beneficiary Survey, retired women and men were interviewed in October to December 1982--18 to 30 months after they first received Social Security retired-worker benefits. The experience of the women retired-worker beneficiaries,

¹Data from the New Beneficiary Survey, October-December 1982.

particularly their past and present employment, is the focus of a 1986 Social Security Administration report.²

The Social Security program does not require complete withdrawal from the labor force as a condition of retired-worker benefit receipt; many persons work part time or full time for pay after they begin to collect Social Security benefits. Monthly benefit amounts are reduced by \$1 for each \$2 earned in excess of a specified exempt amount, which is indexed to reflect any rise in overall wages. About one-fifth of the new beneficiary women were working 18 to 30 months after first receipt of Social Security retired-worker benefits (see table).

Among women retired workers, unmarried women were more likely than married women to be working, 28% compared with 18%. Employment rates for unmarried women were dramatically higher when unearned income was low; 46% of those women whose income was less than \$500 monthly were working, compared with about 16% of those whose monthly income was \$1,000 or more.

Married women who began receiving benefits at age 62 (about one-half of all women with retired-worker benefits) differed from other retired-worker women. Only 14% were employed at the time of the interview. Of these women, 43% had left their last job more than 3 years before age 62, and 14% had done so 1 to 3 years prior to that age. In contrast, unmarried women and wives whose first receipt of benefits was at age 63 or older were not likely to stop work before receiving benefits, and about 30% were still employed. Married women were more likely to be working if their spouse was working than if the husband was retired (about 26%, compared with 14%).

²About three-fifths of all beneficiary women age 62 and older receive Social Security benefits based on their own earnings record. The report excludes wives or widows who receive benefits based only on their husband's earnings record. The employment rates of women retirees were similar to those of widow beneficiaries but higher than those of wife beneficiaries.

Women receiving their first Social Security retired-worker benefits in June 1980 to May 1981, by age and marital status¹

Age at benefit receipt (years)	Total	Marital status	
		Married	Unmarried
Total number (thousands)	551.7	368.3	183.4
Percent distribution			
62	62.8	49.6	13.3
63-64	22.2	12.1	10.2
65 or older.....	14.9	5.1	9.8
Total.....	100.0	66.8	33.2
Employment rates			
62	16.0	13.8	24.3
63-64	27.8	25.9	30.0
65 or older.....	32.5	33.3	32.2
Total.....	21.1	17.5	28.4

¹ Data from the New Beneficiary Survey, October-December 1982.

Source: Iams, Howard M., 1986, Employment of retired-worker women, *Social Security Bulletin* 49(3):5-13, U.S. Department of Health and Human Services, Social Security Administration.

Women's employment rates varied markedly by the occupation of the longest held job. New beneficiaries from the service occupations were the most likely to be working (about 32%). Within this group, private-household workers had the highest employment rates (about 47%). Women in manual/blue collar positions were the least likely to be employed after first benefit receipt (about 14%). Of women in other occupations, 19% to 31% were working at the time of the survey.

Only 30% of all women respondents received a pension.³ These women were much less likely to be working (9%) than were those who had no pension income (26%). Among unmarried women, 10% of those receiving pensions were working, compared with 42% of those without pension income.

³ Pension income could be from a private plan provided by the employer or union, or from a public plan for Federal civilian workers, military personnel, State, or local workers.

Women with no reported health limitations were slightly more likely than other women retirees to be employed--25%, compared with 17% of those with walking or grasping limitations, and 21% of those with other limitations.⁴ Regardless of their health status, women without pension income were much more likely to be working than women who received pension income. Within each limitation group, women without pensions were two to three times more likely to be working than those with pensions.

⁴ As part of the survey, women retirees were asked to evaluate the degree of difficulty they would have in performing such activities as walking, grasping, climbing stairs, and lifting. About 37% reported limitations in walking or grasping, and 27% had other functional limitations. About 35% reported no difficulty with the activities.

Source: Iams, Howard M. 1986, Employment of retired-worker women, *Social Security Bulletin* 49(3):5-13, U.S. Department of Health and Human Services, Social Security Administration.

Updated Estimates of the Cost of Raising a Child

The cost of raising urban children: 1986 annual average; moderate-cost level¹

Region and age of child (years)	Total	Food at home ²	Food away from home	Clothing	Housing ³	Medical care	Educational	Transportation	All other ⁴
MIDWEST:⁵									
Under 1	\$4,526	\$588	\$0	\$142	\$1,961	\$322	\$0	846	667
1	4,659	721	0	142	1,961	322	0	846	667
2-3	4,337	721	0	231	1,723	322	0	737	603
4-5	4,596	828	152	231	1,723	322	0	737	603
6	4,817	801	152	320	1,634	322	152	737	699
7-9	5,004	988	152	320	1,634	322	152	737	699
10-11	5,191	1,175	152	320	1,634	322	152	737	699
12	5,535	1,202	182	463	1,693	322	152	791	730
13-15	5,669	1,336	182	463	1,693	322	152	791	730
16-17	6,212	1,496	182	640	1,753	322	152	873	794
Total	92,228	18,724	2,308	6,260	30,896	5,796	1,824	13,972	12,448
NORTHEAST:									
Under 1	4,489	694	0	142	1,991	322	0	737	603
1	4,650	855	0	142	1,991	322	0	737	603
2-3	4,528	828	0	249	1,812	322	0	682	635
4-5	4,787	935	152	249	1,812	322	0	682	635
6	5,162	935	182	338	1,783	322	190	682	730
7-9	5,349	1,122	182	338	1,783	322	190	682	730
10-11	5,589	1,362	182	338	1,783	322	190	682	730
12	5,922	1,362	182	498	1,842	322	190	764	762
13-15	6,082	1,522	182	498	1,842	322	190	764	762
16-17	6,515	1,683	212	623	1,872	322	190	819	794
Total	97,354	21,394	2,548	6,546	33,040	5,796	2,280	12,988	12,762
SOUTH:									
Under 1	4,930	641	0	160	2,109	357	0	901	762
1	5,064	775	0	160	2,109	357	0	901	762
2-3	4,747	748	0	249	1,872	357	0	791	730
4-5	4,979	828	152	249	1,872	357	0	791	730
6	5,301	828	182	338	1,783	357	228	791	794
7-9	5,461	988	182	338	1,783	357	228	791	794
10-11	5,675	1,202	182	338	1,783	357	228	791	794
12	6,043	1,202	212	498	1,842	357	228	846	858
13-15	6,203	1,362	212	498	1,842	357	228	846	858
16-17	6,651	1,496	212	640	1,901	357	228	928	889
Total	100,434	19,044	2,668	6,616	33,574	6,426	2,736	14,952	14,418
WEST:									
Under 1	4,857	641	0	142	2,050	393	0	901	730
1	5,017	801	0	142	2,050	393	0	901	730
2-3	4,762	775	0	231	1,842	393	0	791	730
4-5	5,050	881	182	231	1,842	393	0	791	730
6	5,445	855	212	338	1,812	393	190	819	826
7-9	5,632	1,042	212	338	1,812	393	190	819	826
10-11	5,872	1,282	212	338	1,812	393	190	819	826
12	6,188	1,282	212	480	1,872	393	190	901	858
13-15	6,322	1,416	212	480	1,872	393	190	901	858
16-17	6,929	1,603	242	605	1,961	393	190	982	953
Total	102,595	20,035	2,968	6,366	33,750	7,074	2,280	15,448	14,674

¹ Annual cost of raising a child from birth to age 18, by age, in a husband-wife family with no more than 5 children. For more information on these and additional child cost estimates, see USDA Miscellaneous Publication No. 1411, "USDA Estimates of the Cost of Raising a Child: A Guide to Their Use and Interpretation," by Carolyn S. Edwards, Family Economics Research Group, Agricultural Research Service, USDA.

² Includes home-produced food and school lunches.

³ Includes shelter, fuel, utilities, household operations, furnishings, and equipment.

⁴ Includes personal care, recreation, reading, and other miscellaneous expenditures.

⁵ Formerly the North Central Region.

The cost of raising rural nonfarm children: 1986 annual average; moderate-cost level¹

Region and age of child (years)	Total	Food at home ²	Food away from home	Clothing	Housing ³	Medical care	Educational	Transportation	All other ⁴
MIDWEST: ⁵									
Under 1	4,275	534	0	125	1,872	322	0	819	603
1	4,409	668	0	125	1,872	322	0	819	603
2-3	3,920	641	0	196	1,575	286	0	682	540
4-5	4,148	748	121	196	1,575	286	0	682	540
6	4,498	748	152	302	1,545	286	152	710	603
7-9	4,658	908	152	302	1,545	286	152	710	603
10-11	4,872	1,122	152	302	1,545	286	152	710	603
12	5,237	1,122	152	463	1,604	286	152	791	667
13-15	5,370	1,255	152	463	1,604	286	152	791	667
16-17	5,766	1,389	182	569	1,634	322	152	819	699
Total	85,915	17,361	2,126	5,836	28,998	5,292	1,824	13,428	11,050
NORTHEAST:									
Under 1	4,963	641	0	142	2,109	322	0	955	794
1	5,097	775	0	142	2,109	322	0	955	794
2-3	4,867	748	0	231	1,931	322	0	873	762
4-5	5,156	855	182	231	1,931	322	0	873	762
6	5,555	855	212	338	1,901	322	228	873	826
7-9	5,715	1,015	212	338	1,901	322	228	873	826
10-11	5,955	1,255	212	338	1,901	322	228	873	826
12	6,311	1,255	212	516	1,961	322	228	928	889
13-15	6,472	1,416	212	516	1,961	322	228	928	889
16-17	7,027	1,576	242	676	2,020	322	228	1,010	953
Total	104,497	19,687	2,968	6,652	35,232	5,796	2,736	16,372	15,054
SOUTH:									
Under 1	5,121	641	0	160	2,109	357	0	1,092	762
1	5,228	748	0	160	2,109	357	0	1,092	762
2-3	4,739	721	0	249	1,812	357	0	901	699
4-5	5,028	828	182	249	1,812	357	0	901	699
6	5,256	801	182	338	1,753	357	190	873	762
7-9	5,417	962	182	338	1,753	357	190	873	762
10-11	5,630	1,175	182	338	1,753	357	190	873	762
12	6,043	1,175	212	516	1,812	357	190	955	826
13-15	6,177	1,309	212	516	1,812	357	190	955	826
16-17	6,697	1,469	242	729	1,842	357	190	1,010	858
Total	100,618	18,564	2,788	6,866	32,916	6,426	2,280	16,866	13,912
WEST:									
Under 1	5,328	641	0	142	2,139	393	0	1,092	921
1	5,462	775	0	142	2,139	393	0	1,092	921
2-3	4,932	748	0	231	1,842	357	0	928	826
4-5	5,221	855	182	231	1,842	357	0	928	826
6	5,648	828	182	356	1,812	393	228	928	921
7-9	5,835	1,015	182	356	1,812	393	228	928	921
10-11	6,049	1,229	182	356	1,812	393	228	928	921
12	6,463	1,229	212	534	1,872	393	228	1,010	985
13-15	6,623	1,389	212	534	1,872	393	228	1,010	985
16-17	7,247	1,576	242	623	1,991	393	228	1,146	1,048
Total	107,173	19,501	2,788	6,726	33,988	6,930	2,736	17,796	16,708

¹ Annual cost of raising a child from birth to age 18, by age, in a husband-wife family with no more than 5 children. For more information on these and additional child cost estimates, see USDA Miscellaneous Publication No. 1411, "USDA Estimates of the Cost of Raising a Child: A Guide to Their Use and Interpretation," by Carolyn S. Edwards, Family Economics Research Group, Agricultural Research Service, USDA.

² Includes home-produced food and school lunches.

³ Includes shelter, fuel, utilities, household operations, furnishings, and equipment.

⁴ Includes personal care, recreation, reading, and other miscellaneous expenditures.

⁵ Formerly the North Central Region.

Cost of food at home estimated for food plans at 4 cost levels, February 1987, U.S. average¹

Sex-age group	Cost for 1 week				Cost for 1 month			
	Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan	Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES								
Family of 2: ²								
20-50 years	\$39.40	\$49.80	\$61.70	\$76.60	\$170.80	\$215.80	\$267.20	\$331.90
51 years and over.....	37.30	47.70	59.20	70.80	161.60	207.10	256.30	307.10
Family of 4:								
Couple, 20-50 years and children--								
1-2 and 3-5 years	57.20	71.60	87.70	107.60	248.20	310.10	379.90	466.60
6-8 and 9-11 years	65.70	84.20	105.50	127.10	284.70	364.80	457.10	550.80
INDIVIDUALS³								
Child:								
1-2 years	10.30	12.50	14.60	17.60	44.60	54.30	63.40	76.40
3-5 years	11.10	13.80	17.00	20.40	48.30	59.60	73.60	88.50
6-8 years	13.70	18.20	22.80	26.60	59.20	78.90	98.80	115.40
9-11 years	16.20	20.70	26.60	30.90	70.20	89.70	115.40	133.70
Male:								
12-14 years	17.00	23.50	29.30	34.40	73.50	101.70	127.00	149.10
15-19 years	17.60	24.30	30.20	35.00	76.20	105.30	130.80	151.50
20-50 years	18.80	24.10	30.30	36.50	81.60	104.20	131.10	158.30
51 years and over.....	17.10	22.90	28.30	33.90	74.10	99.30	122.50	147.00
Female:								
12-19 years	16.90	20.30	24.70	29.90	73.00	88.10	107.00	129.40
20-50 years	17.00	21.20	25.80	33.10	73.70	92.00	111.80	143.40
51 years and over	16.80	20.50	25.50	30.50	72.80	89.00	110.50	132.20

¹ Assumes that food for all meals and snacks is purchased at the store and prepared at home. Estimates for the thrifty food plan were computed from quantities of foods published in *Family Economics Review*, 1984(1). Estimates for the other plans were computed from quantities of foods published in *Family Economics Review*, 1983(2). The costs of the food plans are estimated by updating prices paid by households surveyed in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics, *CPI Detailed Report*, table 3, to estimate the costs for the food plans.

² 10 percent added for family size adjustment. See footnote 3.

³ The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7- or more-person--subtract 10 percent.

Consumer Prices

Consumer Price Index for all urban consumers [1967 = 100, unless otherwise noted]

Group	Unadjusted indexes			
	Feb. 1987	Jan. 1987	Dec. 1986	Feb. 1986
All items	334.4	333.1	331.1	327.5
Food	330.1	328.9	325.2	315.3
Food at home	316.6	315.2	310.2	301.5
Food away from home	369.6	368.6	367.1	354.2
Housing	365.1	363.9	362.1	356.5
Shelter	414.0	412.3	410.4	394.8
Renters' costs ¹	125.8	125.3	124.2	119.0
Rent, residential	288.0	287.1	286.0	273.7
Homeowners' costs ¹	122.5	122.0	121.6	117.0
Maintenance and repairs	381.9	382.1	380.0	379.6
Maintenance and repair services	436.1	437.7	433.1	432.8
Maintenance and repair commodities ..	278.8	277.7	278.3	277.8
Fuel and other utilities	374.8	373.7	371.0	390.0
Fuel oil and other household fuel commodities	² 503.2	² 487.9	460.6	591.2
Gas (piped) and electricity	428.9	428.8	425.3	444.5
Household furnishings and operation	253.5	253.1	252.4	249.0
Housefurnishings	203.2	203.0	202.5	199.7
Housekeeping supplies	325.3	324.6	322.9	318.6
Housekeeping services	350.6	349.8	349.3	344.5
Apparel and upkeep	208.4	207.1	210.9	204.1
Apparel commodities	192.1	190.9	194.9	188.5
Men's and boys' apparel	199.9	199.2	202.3	196.8
Women's and girls' apparel	167.8	166.6	171.7	163.4
Infants' and toddlers' apparel	304.5	301.8	312.7	311.6
Footwear	211.0	209.9	214.0	207.9
Apparel services	343.2	342.5	339.5	330.7
Transportation	310.0	308.5	304.8	319.2
Private transportation	301.3	299.8	295.9	312.2
New vehicles	229.9	232.3	231.7	220.2
Used cars	356.9	354.6	356.6	370.7
Motor fuel	288.1	275.8	261.9	351.5
Maintenance and repairs	373.0	371.3	370.7	358.9
Public transportation	439.8	438.9	437.5	422.2
Medical care	452.4	449.6	446.8	422.3
Medical care commodities	283.9	282.4	280.8	267.4
Medical care services	489.6	486.5	483.4	456.2
Professional services	406.8	403.7	401.0	381.6
Entertainment	278.7	278.3	277.4	272.0
Other goods and services	359.7	358.1	355.2	340.3
Personal care	296.4	295.7	293.6	289.1
Personal and educational expenses	452.0	450.6	448.8	417.7

¹ Indexes based on December 1982 = 100 base.

² Includes wood, charcoal, and peat, not previously priced.

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

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