FAMILY ECONOMICS REVIEW

Institute of Home Economics, Agricultural Research Service,
UNITED STATES DEPARTMENT OF AGRICULTURE

Prepared for home agents and home economics specialists of the Agricultural Extension Service, this publication reports current developments in family and food economics, and economic aspects of home management.

ANNUAL OUTLOOK ISSUE

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The 1957 Agricultural Outlook Conference was held at the Department of Agriculture in Washington, D. C., November 18-21. In attendance at the conference were delegates from 47 States, Alaska, Hawaii, and Puerto Rico. The delegates included mainly extension home management specialists, farm management and agricultural economics specialists, and marketing specialists. There were also guests representing several foreign countries, business organizations, and banks, as well as various Government agencies.

The first day of the conference was devoted to a consideration of the world situation as it affects the outlook for agriculture, and the national economic situation and outlook for 1958. On Tuesday, the various aspects of the agricultural outlook for 1958 and the effects of marketing changes on the outlook were reviewed.

Three family living sessions were held. One gave attention to the outlook in 1958 for specific consumer goods. At the other two, changes in family spending patterns over the past 15 years were discussed. Consideration was given to changes in spending for current consumption as a whole, for housing and household furnishings and equipment, for clothing, food, medical care, recreation and reading, and education. The implications of these changes for the Extension program were discussed by a panel made up of Federal and State Agricultural Extension personnel, and members of the staffs of the Agricultural Research Service and the Department of Health, Education, and Welfare.

This issue of Family Economics Review presents some of the material from the conference which is of interest to home economists.

THE GENERAL ECONOMIC OUTLOOK

Excerpts from a talk by Nathan M. Koffsky,
Agricultural Economics Division, Agricultural Marketing Service

After more than 2 years of a steady advance to new highs, economic activity in the Nation has leveled off. Since early 1957, the Nation's real output of goods and services has held fairly stable. Prospective changes in demands from consumers, from business and from Government indicate that, on balance, the more or less sidewise movement of the economy can be expected to continue well into 1958. This appears to be the most probable development. Even so, the course of events could dictate otherwise. The çold war has spread into space with its impact on the economy not yet clear.

Economic growth over the past 12 months was relatively small and most of it occurred by the end of 1956. While the gross national product--a measure of the value of all goods and services produced--rose by some $22 billion, or over 5 percent, between the third quarter of 1956 and the third quarter of 1957, most of the gain reflected increases in prices.

Real output was up perhaps 1.5 to 2 percent, contrasted with an increase of about 3 percent between the third quarter of 1955 and the same quarter of 1956. This latter is about the rate we have come to associate with normal economic growth.

Total employment has held fairly steady this year. Nonagricultural employment remains higher than a year ago while farm employment continues its long-term decline. The average workweek in manufacturing, however, is shorter than a year ago. So far this year, the civilian labor force has grown only some 400,000 persons in contrast with a gain of more than 1.5 million from 1955 to 1956. This reflects the fact that the uptrend in new entries of married women into the labor force has come to a halt this year. Unemployment is somewhat higher than last year, but has been well below 3 million persons in recent months.

While most measures of real activity have leveled off this year, most retail prices have continued to move up persistently. The Bureau of Labor Statistics index of consumer prices and the Agricultural Marketing Service index of prices paid by farmers for family living items have increased more than 3 percent over the past year. Retail food prices rose about 4 percent.

Changes in demand over past year

What have been the changes in demands which have shaped the economy over the past year? Consumers increased their expenditures close to $15 billion, or 5 percent. Consumers accounted for almost two-thirds of the total increase in expenditures over the past year as compared with roughly half in the preceding year. Private investment rose less than 2 percent. Government expenditures for goods and services increased almost $7 billion, or 8 percent.

Consumer sector.--It is noteworthy that expenditures for each of the major categories--durables, nondurables, and services--increased about the same percentage. A year ago, expenditures for durables were down substantially, largely reflecting a decline in automobile sales. This year, sales are running slightly ahead of a year ago and prices are higher. Expenditures for nondurable goods, including the important food group, and for services continued to move up in response to higher consumer incomes, as they have in other recent years (table 1).

Consumer expenditures have risen slightly more over the past year than consumer incomes after taxes. Thus, the rate of savings out of current income has declined from about 7 percent in the third quarter of 1956 to 6.5 percent in the third quarter of 1957. Consumer credit outstanding increased some $3 billion last year and now represents a little over 14 percent of consumer income after taxes, a slightly higher percentage than a year earlier. Installment credit extended, particularly for automobiles, continues to exceed repayments.

Table 1.--Personal Consumption Expenditures
(Seasonally adjusted annual rates)

Item	3rd quarter 1956	3rd quarter 1957	Change
	Billions of dollars	Billions of dollars	Billions of dollars
Personal consumption expenditures	268.6	283.2	+ 14.6
Durable goods..................	33.0	34.7	+ 1.7
Nondurable goods...............	134.4	142.5	+ 8.1
Services.......................	101.1	106.0	+ 4.9
Consumer disposable income.....	288.8	303.0	+ 14.2
Savings........................	20.3	19.8	- .5
Personal savings rate...........	7.0%	6.5%	- .5%

Source: U. S. Department of Commerce.

Consumer incomes have continued to rise most of this year despite the leveling in employment. Increasing wage rates have augmented the flow of income, though at a slower rate than in 1956. There has been some increase in social security payments, reflecting wider participation. Despite the rise in prices and increase in population, the per capita purchasing power of income available for spending has changed little in over a year.

Investment sector.--Outlays for new residential construction in the third quarter of this year were 7 percent less than a year earlier. New nonfarm housing starts this year will total approximately 1 million units compared with 1.1 million in 1956 and 1.3 million in 1955. However, the average cost is higher, partly reflecting bigger homes. Mortgage credit is still tight and interest rates are higher than a year ago. Mortgage debt outstanding increased less in the first half of this year than in the first half of 1956. It appears, however, that the decline in housing, which has been substantial over the past 2 years, has been arrested. Housing starts have leveled off in recent months and the rate of expenditure in the third quarter was about the same as in the second quarter.

Outlays for farm construction and farm machinery are apparently showing some improvement in 1957 over 1956. The strong uptrend in business outlays for plant and equipment, which has been a strong expansionary force in the economy for several years, has leveled off in recent months.

Government sector.--The rate of Federal purchases of goods and services increased over $3 billion between the third quarter of 1956 and the third quarter of 1957. This was largely in expenditures for the national security, which now account for about 10.5 percent of national output compared with 10.2 percent a year earlier. There was a slight decline in the rate of such outlays between the second and the third quarters. In the fiscal year 1956-57, the Federal budget showed a surplus of $1.6 billion, the same as in the previous year. On a cash basis, including receipts and payments of trust funds, the surplus was reduced to $2.1 billion compared with $4.5 billion in fiscal 1955-56, largely reflecting heavier payments under the Social Security program. State and local government expenditures continued to expand. The highway program is enlarging and there appears to be no letup in outlays for schools and other public facilities.

Prospects for 1958

With these trends as background, showing the diverse forces presently operating in the economy, let us appraise how the prospective demands and expenditure flows from these three major sectors--consumers, business and government--may affect the economy.

Government sector.--There appears to be little doubt that the uptrend in State and local government outlays which has persisted through the postwar period will continue in 1958. The highway program will be a more important factor next year than this year, and will likely grow more important in the years beyond 1958. The needs for public facilities increase as our population grows not only in size but in mobility. We need particularly to prepare for an accelerated onrush on our school systems a few years hence.

So far as Federal Government outlays are concerned, the Budget Review of October suggests some reduction from the current rate of defense outlays in the first half of 1958. Beyond mid-1958, we do not know. However, the reduction in defense outlays during the first half of 1958 that may be realized, is not likely to exceed the rise in State and local government expenditures and might be less. Thus, the total flow of expenditures from government should at least hold steady through mid-1958.

Investment sector.--The total flow of expenditures from the investment sector might well diminish in 1958. Residential construction is expected to show some improvement from the current relatively low level. The decline has been arrested. FHA terms have recently been liberalized. And mortgage credit may be more readily available, especially if the demands for funds by business for capital investment should ease. Such an easing in capital investment appears to be a fairly strong probability in 1958.

We face the probability that the sum of the flows of expenditures by business and by Government may gradually work lower as 1958 progresses. It seems likely that the major impact of any reduction in defense outlays will occur in the first half of 1958, while that of investment in new plant and equipment may come later. The completion of projects presently underway would provide a considerable cushion to investment outlays for some months ahead.

Consumer sector.--Under circumstances of a gradual reduction in combined expenditures by business and Government, the consumer could well take up the slack. Consumer spending has been strong, and in the most recent quarter the annual rate of such expenditures increased by more than $4 billion, or over $1 billion more than the increase in the rate of consumer income. Although the rate of saving out of current income is lower than a year ago, it is still substantially higher than in 1955. The saving rate may work lower over the year ahead. Increases in wage rates will likely maintain the flow of consumer income despite the possibility that some reductions in employment might occur, especially if productivity increases rapidly. As the big automobile year of 1955 recedes, there is reason to be more optimistic concerning purchases of autos this coming year. Any improvement innew housing would likely be reflected in stronger consumer demand for household appliances.

We see no real reason why consumer income and consumer demand for food during most of the year ahead should be essentially different than at present. Although there may be some decline in combined Government and investment outlays, almost certainly we do not face a reduction as large as that which occurred in the mild recession of 1953-54. Between the third quarters of 1953 and 1954, investment expenditures declined some $4 billion while Government outlays for goods and services dropped $8 billion. In that period, Federal expenditures declined $11 billion--largely outlays for the national security--while State and local government expenditures rose $3 billion. These reductions total more than we can reasonably anticipate for the period ahead, and the economy is larger now than in 1953 and could absorb them better. Even so, the flow of personal incomes in the 1953-54 period was well maintained by rising wage rates and increased unemployment compensation payments. Consumer expenditures, enlarged by a cut in income taxes of some $3 billion, rose $6 billion between the third quarter of 1953 and the third quarter of 1954. We would do well to remember that the sustained rise in consumer expenditures in 1954 provided the initiating force to the resumption of the post-war boom later in that year.

THE AGRICULTURAL OUTLOOK

Summary prepared by Frederick V. Waugh,
Agricultural Economics Division, Agricultural Marketing Service

As of now, our best judgment is that in 1958:

1. Farmers will get about the same average prices as in 1957
2. Agricultural output will remain high, and could well set a new record, depending upon weather
3. Further increases in production expenses may largely offset any rise in gross farm income, leaving farm operators' net realized income from farming about the same as in 1957

4. With increasing income from nonfarm sources, principally wages and salaries from off-farm employment, and with decreasing numbers of persons on farms, this could mean a slight gain in per capita income of farm people
5. The parity index (prices paid by farmers) is likely to creep up further, resulting in a further slight drop in the parity ratio
6. Retail food prices may rise further, because of increases in marketing charges
7. Exports of agricultural products will continue high, but will probably be less than in the fiscal year ending June 30, 1957
8. Year-end stocks of wheat and cotton may again be reduced, but the carryover of feed grains will increase still further
9. Government payments for price support, for the Soil Bank, and for export programs will continue to be large, but the acreage reserve program will be reduced
10. Farm debt will probably continue to rise, but the value of farm assets will increase, too
11. Land values will probably rise somewhat, and levels of living of farm families will probably continue to improve, due in part to increased income from nonfarm sources
12. Food consumption and diets of U. S. families will remain at a relatively high level

These judgments about the 1958 outlook are based upon three main assumptions--assumptions that now seem to us the most realistic, but none of which is certain:

1. That the domestic business situation will continue strong, with no substantial letdown in production, prices, or employment
2. That the uncertain international situation will not touch off another burst of inflation, and
3. That there will be no major changes in Government programs affecting 1958 farm income

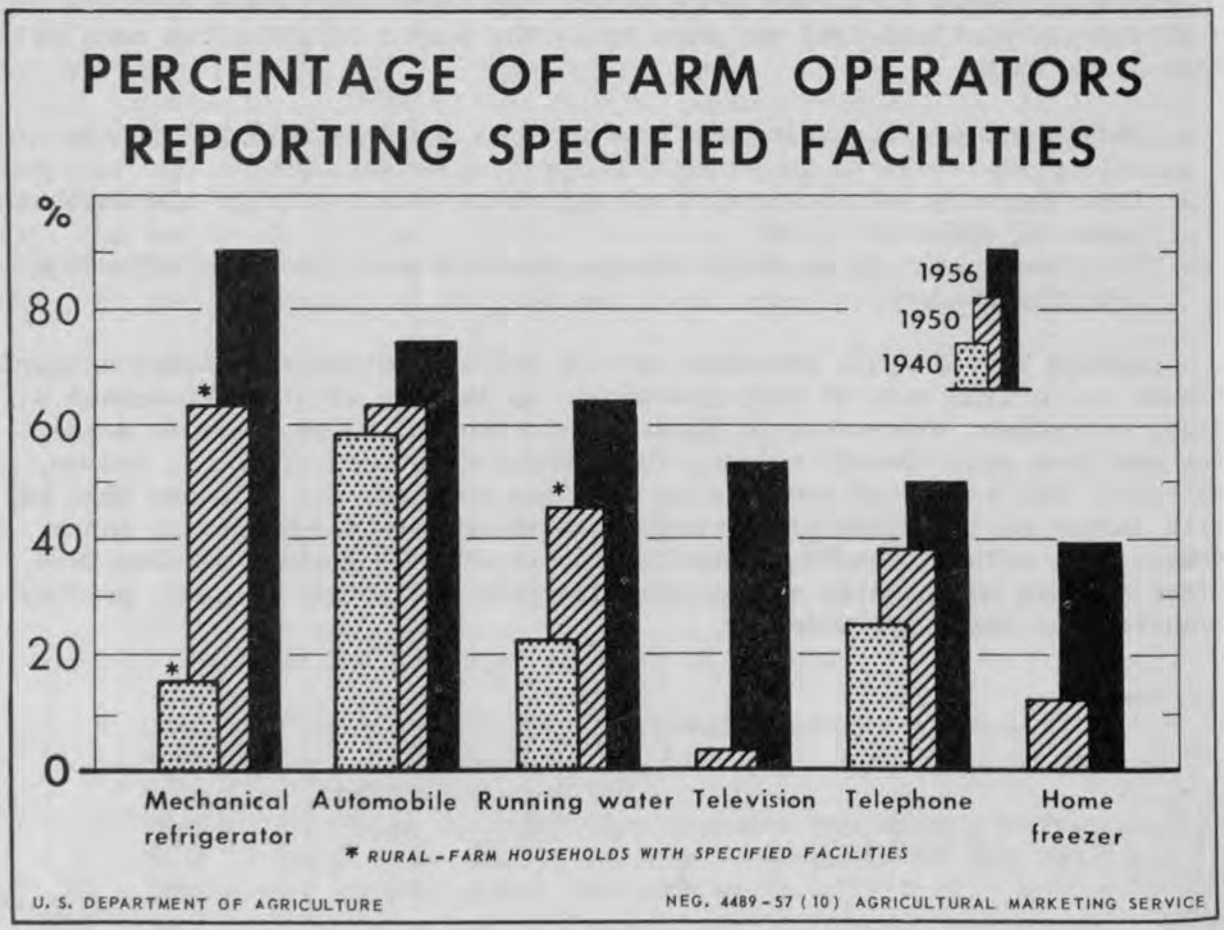
Looking beyond 1958, the most serious problem confronting American agriculture is to find ways to keep production in balance with market demand at prices considered acceptable to farmers. In the past 2 years, some progress has been made toward reducing the burdensome stocks of wheat, cotton, and rice. But stocks of feed grains continue to rise, and probably will be still larger at the close of the present feeding season. Sooner or later, farmers will either have to reduce the output of feed grains, or else feed larger amounts to animals, and thereby increase the output of meat, poultry products, and dairy products.

FARM FAMILY LIVING OUTLOOK

Statement prepared by Margaret L. Brew,
Household Economics Research Division, Institute of Home Economics

Farm families have increased their consumption and improved their levels of living markedly during the past decade and a half. In 1955, they were spending for current consumption approximately two-thirds more than in 1941, in dollars of constant purchasing power. During this 15-year period the AMS Farm-Operator Family Level of Living Indexes showed marked gains.

Last year, 94 percent of the farm dwellings had electricity, whereas in 1940 only one-third of farm homes were electrified, and the figure was only 11 percent as recently as 1935. The proportion of farm dwellings with piped running water increased from about one-fifth in 1940 to nearly two-thirds last year (see chart). Mechanical refrigerators were in only about 15 percent of farm homes in 1940; 90 percent of the farm-operator families owned them early last year. Farm families have better and more varied diets now than in pre-World War II years, and they are using foods that are easier for the homemaker to prepare.



Farm families will continue to improve their levels of living as resources are available to them. The rural community as an isolated cultural unit is fast disappearing. About half the farm operators have off-farm employment, one-fourth of the farm wives are in the labor force, two-thirds of the farms are located on all-weather roads, over half of the farm-operator families have TV sets. Urban influences, therefore, are considerable, and farm families want the household goods and services that urban families have.

The varied sources of income that many farm families now have and will continue to have in 1958 serve as a stabilizing force in their demand for goods and services. A regular paycheck gives families confidence to use funds that they have available for large-item expenditures. They feel more sure that their ongoing needs for food and other nondurable goods can be met.

Another stabilizing force in farm family levels of living is the opportunity they now have to come into the Social security program. By mid-1958, about one-half million families who have paid taxes on self-employment income from agriculture will be receiving OASI benefits. While the aggregate income received from this source will be only a small portion of the aggregate income of farm families, its effects will be more widespread than the amount would indicate. Fewer parents will be encroaching on the needs of youngfamilies. Levels of living will be maintained for a substantial portion of farmers aged 65 and over who received benefit payments. Furthermore, the psychological effect even on those not yet receiving benefits must be great. For a small payment, farm families, like urban families, will be provided with some protection against the risks of extended old age or the death of the breadwinner. Farmers are likely to feel less urgency to trim their current consumption in order to ensure against privation in later years.

While levels of living are improving and expenditures for current consumption increasing, farm families are being pressed by rising prices for consumer goods. In each of the past two years (September to September), prices that farmers pay for family living items have increased at the rate of 2-3 percent per year. The present forecast is for some further price increases in 1958.

THE OUTLOOK FOR HOUSING, HOUSEFURNISHINGS AND EQUIPMENT

Address by Arnold E. Chase,
Division of Construction Statistics, Bureau of Labor Statistics,
U. S. Department of Labor

Over one million new nonfarm dwelling units will be started in the United States in 1957. Through October 840,000 private and 40,000 public units had been placed under construction. A large proportion of the new public units were in "Capehart" military housing. There are no current reports on the number of new farm houses built.

A million new homes in one year seems like a large number. Why then, do we hear talk about the slump in housing starts during 1957? One reason is that there recently have been much better years; another is that this rate will not permit any significant improvement in our housing standards.

As recently as 1955, construction was started on a total of 1.3 million new nonfarm dwelling units, and in 1950 the number was nearly 1.4 million. Housing starts have been above 1 million every year since 1949. In contrast with these past records, the rate of operation in the homebuilding industry this year has been disappointing to homebuilders and to others who would like to see a real beginning made on replacing the millions of substandard dwellings in our existing housing stock.

The scarcity of mortgage funds has received the major share of blame for the slow-down in homebuilding since mid-1955. However, we should not overlook the fact that the homebuilding industry has many other problems to solve before it will be in a position fully to exploit its potential market and provide decent housing for all American families. Indications are, however, that the availability of mortgage funds will continue to be the major limiting factor on homebuilding in 1958 and, therefore, that the industry's other problems still will not come to the fore next year.

To place 1958 in perspective, it may be helpful to take a brief look at the forces operating in the housing market and their longer-range implications.

Household formation and dwelling units, 1950-1957

We have heard a great deal about the high marriage rate during and since World War II and the trend toward earlier marriages. The current rate is about 1.5 million marriages a year. We are less familiar with the high rate of dissolution of existing marriages by death of one spouse or other causes. However, there was a net increase of less than 3 million in the number of married couples during the 7-year period from March 1950 to March 1957, according to Census Bureau figures 1/.

With prosperity, many of the surviving partners of dissolved marriages apparently have continued to maintain their own households, and many unmarried individuals have established households. Availability of housing and higher incomes have permitted the undoubling of secondary and subfamilies. In the spring of 1947, when the housing shortage was critical, nearly 3 million married couples (8.7 percent of the total) were without their own households 2/. By 1957 the number had been reduced to $1\frac{1}{4}$ million (3.3 percent of the total). This rate of doubling up probably represents about a minimum, since there will always be some married couples living doubled up for one reason or another.

1/ U. S. Bureau of the Census. Current Population Reports: Population Characteristics, Series P-20, No. 76. July 1957.
2/ Ibid.

The net result of these trends was an increase of 6 million in the total number of households between 1950 and 1957, with married couples (including those that undoubled) contributing only 60 percent of the total. It is clear, therefore, that factors other than the marriage rate and family formation as such had a major influence on the basic demand for housing during this period. Unfortunately for those who attempt to estimate future housing demand, it appears likely that these less predictable factors will continue to operate in the years immediately ahead.

Preliminary estimates indicate that our housing stock was increased by about 9 million dwelling units between April 1950 and December 1956 3/. This was the net result of additions from new construction and conversions, offset in part by losses through demolition, disasters and other causes. The margin of about 3 million additional dwelling units over the net increase in households during this period has produced some increase in the vacancy rate, which permits our population to satisfy its desire to migrate and move frequently within areas. There has also been an increase in the number of seasonal dwellings, which probably reflects a trend toward the "two-house family."

Since the downturn in homebuilding, the vacancy rate has stabilized, remaining virtually unchanged through the first 3 quarters of 1957 4/. This stability in the vacancy rate suggests that the production of around 1 million new nonfarm dwellings a year, plus whatever the current output of new farm houses may be, is just about meeting current requirements for additional housing that arise out of net new household formation. This does not imply that the current rate of homebuilding should be considered adequate from an economic or social point of view, or that it is the maximum to be expected if mortgage funds were available on more favorable terms and if certain other problems of the industry were solved.

Household formation in the future

According to projections made by the Census Bureau, the net increase in households each year between now and 1965 seems likely to run about the same as, or slightly below the average of the last 7 years, reflecting the low marriage and birth rates of the 1930's and early 1940's 5/. Any strong upturn due to the jump in marriages and births beginning in 1944 will not come until about 1965. Then annual net additions to the number of households will begin to exceed the average of the past 7 years by a wide margin.

It appears, therefore, that for the next several years the basic annual need for net additions to the housing stock just to supply shelter for the population will be about the same as this year, somewhere around 800,000 units. If we accept this conclusion, we must look elsewhere for factors which might contribute to a higher rate of homebuilding.

3/ U. S. Bureau of the Census, National Housing Inventory.
4/ U. S. Bureau of the Census, Housing and Construction Reports: Housing Vacancies, Series H-111, No. 10. November 1957.
5/ U. S. Bureau of the Census, Current Population Reports: Population Characteristics, Series P-20, No. 69. August 31, 1956.

Migration and mobility

The mobility of the population has been cited as an important factor in the demand for housing. One-fifth of the population moved during the year from March 1955 to March 1956, according to Census data 6/. One-third of the moves were to a different county and one out of six to a different State. The nonwhite population has shown more mobility than the white population since 1950.

The periods of greatest mobility have accompanied spurts in homebuilding, as could be expected. Movement of the population from farms to nonfarm areas has been one of the most persistent trends. This undoubtedly has resulted in abandonment of many farm houses, which has been one source of losses from the housing supply. In nonfarm areas so far, whenever one family moves into a new home another family usually stands ready to occupy the vacated dwelling. Excess vacancies appear not to have developed, except possibly for short periods, in areas which have had outmigration. Unfortunately comprehensive vacancy data are not available for local areas.

It is logical to conclude, therefore, that mobility of the population has had more influence in determining where new housing would be built than in contributing to additional construction. Certainly, if builders gauge their markets correctly, this will be the result in the future. Most of the new building is likely to be in suburban areas, and the continued exodus from farms will warrant more nonfarm than farm building.

Mobility can be dismissed, therefore, as a factor likely to cause any significant amount of additional homebuilding for the country as a whole, though it will be important for individual local areas and for some entire regions of the country. Even there it can be overrated as a factor in homebuilding demand, as evidenced by the fact that the West which has had the largest in-migration also currently has the highest vacancy rate.

Relationship of income to construction costs, selling prices and housing expense

One of the major problems confronting the residential building industry today is the same as that faced by many other industries--that is, the squeeze between rising costs and a price level which will retain enough of the market to permit the most economical operations. The median income of nonfarm families rose 44 percent between 1950 and 1956 (table 2). When adjusted for the increase in the cost of living, however, the median income was up just 28 percent. That is a sizable increase in the short span of six years, and would appear to support a continued strong basic demand for housing.

6/ U. S. Bureau of the Census. Current Population Reports: Population Characteristics, Series P-20, No. 73. March 12, 1957.

Table 2.--Distribution of Family Incomes and Selling Prices of 1-Family Houses, 1950 and 1956

Family income 1/	Percent of all families	Selling prices of 1-family houses 2/	Percent of all new houses
1950		1950	
Under $3,500............	54	Under $9,500............	40
$3,500 - $4,999.........	23	$9,500 - $12,499........	37
$5,000 and over.........	23	$12,500 and over........	23
Median income - $3,319		Median price - $10,200	
1956		1956	
Under $4,500............	46	Under $12,000.........	27
$4,500 - $5,999.........	21	$12,000 - $14,999......	27
$6,000 and over.........	33	$15,000 and over.......	44
		Not reported...........	2
Median - $4,783		Median - $14,500	

1/ U. S. Bureau of the Census. Current Population Reports: Consumer Income, Series P-60, No. 24. April 1957; and No. 26. September 9, 1957.

2/ U. S. Bureau of Labor Statistics. New Housing in Metropolitan Areas, 1949-51, Bulletin No. 1115. September 1952; and "Characteristics of 1-Family Houses, 1954-56." Construction Review, April 1957. The data for 1950 cover houses completed in the 4th quarter in 10 selected areas. Data for 1956 cover houses started in the 1st quarter in nonfarm areas (urban and rural nonfarm). Similar coverage for 1950 presumably would have increased the proportion in the lower price classes.

Family income, without some further refinement, probably overstates ability to buy houses, however. Families have grown larger on the average and their non-housing expenses, therefore, are up more than proportionally. They also are paying more taxes. On the other hand, the 11 percent rise in per capita disposable personal income in constant (1956) prices since 1950 undoubtedly understates the increase in the relative amount that families could afford to put into housing. The correct figure would appear to be somewhere between 11 and 44 percent more family income available on the average for housing in 1956 than in 1950.

Construction costs were 20 percent higher in 1956 than six years earlier. However, because of the fact that larger and better-equipped houses were built in 1956, the average construction cost of the houses started last year was 41 percent above the 1950 average. The median selling price of new nonfarm houses started during the first quarter of 1956 was $14,500, or 42 percent higher than the $10,200 median price of newly completed houses in 10 selected metropolitan areas in 1950.

Thus it appears that the prospective homebuyer was no better able to buy the kind of house being built in 1956 than he had been in 1950 to buy the kind of house built then, in spite of the increase in his income. In fact, another approach suggests that the pricing of houses was better fitted to incomes in 1950 than in 1956.

A distribution of incomes matched with a distribution of selling prices for new nonfarm houses indicates that builders were not building enough lower-priced houses in either 1950 or 1956, on the basis of the rule-of-thumb that purchase price should not exceed about $2\frac{1}{2}$ times the income of a housebuyer. In 1950 the deficiency of lower-priced houses was made up by overbuilding in the middle-price range. Building in the top-price range appears to have been balanced with incomes in 1950, but not in 1956 when 44 percent of the new houses were priced at $15,000 or more and only 33 percent of the families had incomes of $6,000 and up to qualify them to buy houses in this price class.

Homebuilders today are faced with the same merchandising dilemma as many other consumer durable producers. With the housing shortage over, they can interest prospective customers enough to expand the market only by offering a new and superior product. With costs as they are, this results in a price too high for the mass market, so builders lose customers either way. Until ways are found to reduce costs and prices on houses which are attractive to prospective buyers, the market will continue to be limited unless some other factor comes into the picture to increase demand.

There was a time after World War II when many families were prompted to buy new homes because they found monthly payments were less than rent. A change undoubtedly took place in this relationship between 1950 and 1956. Rents increased 22 percent, which was considerably more than the 13 percent advance in the Consumer Price Index, but less than the 39 percent rise in housing expense on new homes insured by the Federal Housing Administration. While the latter does not measure housing expense on all new homes, it should reflect the total trend reasonably well.

It can be concluded that there is nothing in the relationship between family income, house price, and rent at the present time that encourages any expectation that these factors will contribute to a significant increase in homebuilding volume in the near future. These relationships will change, of course, and at some period will set the stage for another housing boom.

Outlook for homebuilding in 1958

Against the foregoing background, 1958 looks like a year for homebuilding which will be not much different from 1957. There is a basic need for construction of about 900,000 new nonfarm dwellings next year, arising out of the net increase in households, migration from farms to nonfarm places, and replacement of dwellings lost from the housing supply. This number will not permit any increase in the vacancy rate or upgrading of the housing stock, except as new units replace old homes that are destroyed.

American families will want to improve their housing, however, even at costs and prices which probably will be somewhat higher than they are now. This pressure should be sufficient to provide a market for at least 1 million new private nonfarm dwellings in 1958. A larger percentage of this market probably is for rental units than in the recent past. An upward trend in construction of apartments during the last few months has begun to reflect this.

Mortgage money undoubtedly will continue to be tight, especially in the early part of 1958. The supply of mortgage money should improve somewhat by mid-year, but it is doubtful that this improvement will come in time to permit starting 1 million private dwellings in 1958. When public housing is added, the total of new housing starts is likely to be about 1 million units, an increase of about 7 or 8 percent over 1957.

Housefurnishing and equipment

In view of the small upturn expected in housing starts in the last half of next year, some improvement in the demand for major household goods seems likely by the end of 1958. But equipping newly-built homes accounts for only a part of the market for such things as furniture, floor coverings, appliances, heaters, radios and television sets. The balance is replacement demand which reflects directly the ability of consumers to buy. This, in turn, will hinge on the general level of business activity, employment and earnings.

Production of major household goods has declined from the 1955 peak, with a particularly sharp drop in output of radio and television sets. Production of appliances and heaters is down so far this year, and for furniture and floor coverings a moderate decline also is indicated. It seems doubtful that factors will be present to cause a pickup in production of these items before late next year. Whatever increased demand may eventually arise out of the anticipated higher rate of homebuilding will not come until those new homes near completion or are actually completed and occupied.

Stable prices appear to be in prospect for housefurnishing and equipment as a whole, with upward movements for some items and downward movements for others. By September 1957 the consumer price index for housefurnishings had risen less than 2 percent above the 1956 average (table 3). From 1950 to 1956, retail prices of major household goods advanced less than 3 percent. For appliances alone, there was a 13 percent drop in retail prices over this 6-year period. This reflects, of course, the influence of discount houses and competitive pricing by department stores and other retailers.

Table 3.--Consumer Price Indexes for Selected Housefurnishings
(1947-49 = 100)

Item	Indexes			Percent Change	
	1950	1956	Sept. 1957	1950-1956	1956-Sept. 1957
Housefurnishings 1/........	100.3	103.0	104.8	+ 2.7	+1.7
Rugs:					
Rugs, wool Axminster...	121.4	147.2	157.0	+21.3	+6.7
Carpets, wool broadloom	112.8	118.8	126.8	+ 5.3	+6.7
Rugs, felt base........	97.9	121.2	126.8	+23.8	+4.6
Rugs, cotton 2/........	--	96.5	95.5	--	-1.0
All furniture............	101.6	105.4	107.1	+ 3.7	+1.6
Living room suites.....	100.0	110.3	112.1	+10.3	+1.6
Dinette sets...........	98.3	102.2	100.3	- 2.8	-1.9
Sofa beds	101.4	112.7	116.9	+11.1	+3.7
Mattresses.............	103.9	112.9	119.7	+ 8.7	+6.0
Bedroom suites.........	105.1	102.2	100.3	- 2.8	-1.9
Appliances 3/............	96.7	84.1	83.7	-13.0	- .5
Sewing machines........	107.2	112.1	111.5	+ 4.6	- .5
Washing machines.......	100.3	98.2	100.6	- 2.1	+2.4
Vacuum cleaners........	98.7	96.7	87.8	- 2.0	-9.2
Refrigerators, electric	99.0	72.9	63.8	-26.4	-12.5
Cook stoves............	96.4	101.9	103.9	+ 5.7	+2.0
Toasters 2/............	--	78.6	83.0	--	+5.6
Radios 2/..............	90.4	88.7	92.0	- 1.9	+3.7
Television sets 2/.....	--	86.6	90.2	--	+4.2

1/ Includes textile housefurnishings.
2/ December 1952 = 100.0.
3/ Includes refrigerators, stoves, washing machines, vacuum cleaners, sewing machines, toasters, radios and television sets.

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

The decline in retail prices of appliances also contrasts with a 21 percent increase for wool rugs from 1950 to 1956 and a 4 percent increase for furniture. Prices for both rugs and furniture have continued upward this year. In September 1957, rug prices were 7 percent above the 1956 average.

THE OUTLOOK FOR CLOTHING AND TEXTILES

Address by Harry Kahan,
Prices and Cost of Living Division, Bureau of Labor Statistics,
U. S. Department of Labor

Last November, at the 34th Annual Agricultural Outlook Conference, I summarized the clothing picture for 1957 as follows:

"...The outlook for clothing in 1957 is generally favorable for the consumer. It has the indications of a buyers' market in which merchants will be attempting to trade up. This will produce a great variety of clothing in medium and better priced lines. Average prices are expected to be slightly higher. The year 1957 may find retail prices reacting more readily to wholesale increases, with many of the increases made on a selective basis. Consumers are becoming more sensitive to price increases, which may lead to a wider range of prices between retailers."

At this time these observations are still good, although I must admit that I underestimated consumer sensitivity to price increases. This sensitivity explains why wholesalers were extremely cautious in announcing price increases and retailers complained bitterly of being obliged to absorb some increases as part of the cost of doing business.

How this has affected prices can be understood by comparing two articles which appeared in the Wall Street Journal about 5 months apart. It concerns men's suit prices.

On April 15, 1957 the headline of the first article read "Men's suit prices next spring to reflect recent wool cloth rise." It was followed by "Note to male shoppers: You will probably pay about \$2 to \$2.50 more for a medium-priced suit next spring. And top coats and sport jackets may carry higher price tags, too."

On September 24th the second article appeared. It stated "Prices of '58 Spring, Summer Men's suits expected to change little. Makers abandon idea of 5 percent hike they had earlier this year, though costs are up."

Industry and trade association spokesmen in the field of wearing apparel are still stressing the need for higher wholesale prices or better retail markup, depending on which side of the fence they are sitting. However, they all seem to agree that substantial price hikes may cut too deeply into sales volume.

NOTE: Opinions expressed in this paper are those of the author and do not necessarily represent the positions of the Bureau of Labor Statistics or the U. S. Department of Labor.

Clothing prices in the past year

Retail prices.--Retail clothing prices during 1957 showed remarkable stability. From September 1956 to September 1957, the apparel group in the Consumer Price Index rose by less than .8 percent, the least of any group in the index. In that same period the index as a whole rose 3.4 percent.

Examining the various segments of the apparel group, we find that the index for women's and girls' wear remained practically unchanged. Men's and boys' wear rose approximately 1.2 percent while the index for footwear advanced 1.3 percent.

Textile mill prices.--For the producers that make cloth, the year 1957 can be characterized by reduced hours of mill operation, reduced number of looms in operation and lower margin of profit. The Federal Trade and Securities Exchange Commissions have reported that net operating profits of textile mills for the first half of 1957 were $297 million as compared to $357 million for the first half of 1956. This represents a drop of nearly 18 percent. Prices of key cotton print fabrics dropped to a new postwar low since controls were removed shortly after World War II. Eighty-square cotton print cloth, a bellwether indicator of the cotton textile market, sold a year ago at around 19 cents a yard compared to recent quotations of as low as $17\frac{1}{4}$ cents.

The synthetic textile market, which suffered heavy price declines in the second quarter of 1956, is also faced with the problem of excess supply relative to current demand. While there has been some upward revision of prices, often dictated by increased production costs, prices are only slightly higher than a year ago but still below the first quarter of 1956.

The woolen market up to mid-1957 exhibited an advancing price front which was primarily due to higher prices for apparel wool. Wool top prices advanced sharply during the 1956-57 selling season, with weavers and spinners attempting to advance their prices in keeping with the rising costs of materials. Recent market breaks in wool top prices combined with buyers' caution in placing orders, the trend toward lighter weight materials for suiting, plus the inroads that man-made fibers have made on wool consumption, have obliged the weavers and spinners to fight against limited decreases.

The business outlook

This brief review of how the clothing textile industries fared in 1957 provides a hint of what may be expected in sales volume and prices for the next 12 months.

This outlook for 1958 is based on the premise that general business conditions will remain substantially the same. The Clothing Manufacturers of America recently polled 38 banks in 24 cities on the business outlook. Although there was an expression of uncertainty as to the economic prospects for the period ahead, especially in smaller cities, bankers in 10 of the largest cities in the nation felt that the current level of business will be maintained for the first half of 1958.

Labor outlook - effect on prices

The major single factor that may advance the average price of clothing next year is increased labor costs. Presently affected is women's outerwear. For instance, last month 50,000 International Ladies Garment Union Workers in New York factories (who make three-quarters of all women's coats and suits) received wage increases averaging 5.5 percent, effective December 15. This was the first general pay increase received by these workers since May 1953. A higher wage pattern can be expected to include about 200,000 other members of the ILGUW under wage contracts about to expire or that permit cost-of-living pay reopenings.

The clothing industry has been struggling to keep from falling too far behind general prosperity of the country. For several years this fact has been a restraining force on an advancing wage level within the industry. However, even though there has been little increase in the wage level there have been other increases in direct and indirect costs. In the face of these higher costs the one factor that has helped to keep apparel prices from advancing more rapidly in the last few years has been the ability of the manufacturer to rearrange his direct costs of production and still keep his garment within a price line. The manufacturer in doing this may find that he is obliged to absorb part or all of the increase in other costs, such as financing, advertising and administrative expenses.

The extent to which manufacturers may be able to absorb these additional costs depends a good deal upon the existing price-quality relationship and the relative profit margin currently being earned. Increased production costs of this magnitude, however, will be eventually translated into price increases. The long range effect should be less of low-end quality production and greater emphasis on better qualities in higher price brackets.

The increasing cost of labor in itself does not allow for a generalization that the clothing price movement should be up in 1958.

Even with the closing down of many mills during the last 3 years, the production capacity of the existing mills is still in excess of demand as evidenced by continued voluntary curtailment of mill production. With the exception of short seasonal flurries, the past 5 years have seen wholesale prices for cotton and man-made textiles drift downward. The recent strong upswing in wool and worsted prices, has now been reversed because of sharp declines in wool top prices and poor selling for the spring 1958 season. According to industry representatives, the wool industry is in the midst of its worst slump since World War II.

Consumer clothing expenditures

This leads us to the problem that the clothmakers and clothing manufacturers have wrestled with a long time--the need for increased consumer demand.

Between 1947 and 1956 personal consumer expenditures for all goods and services rose from $165 billion to $267 billion, an increase of 61.8 percent; civilian population increased by 24 million or 16.7 percent; and per capita spending moved up from $1,150 to $1,597 an increase of 38.9 percent. In this consumer spending pie, clothing had a 12.5 percent slice in 1947. By 1956, this slice had narrowed to 9.0 percent, a shrinkage of over one-fourth (table 4). In current dollars, the 1956 per capita expenditure for clothing was approximately the same as in 1947. If we eliminate the effect of price increases as measured by the Bureau of Labor Statistics apparel index at retail, the per capita expenditure for clothing has declined about 8 percent between 1947 and 1956.

Table 4.--Expenditures per Person for Total Personal Consumption and for Clothing, 1947-1956 (in current dollars)

Year	Per capita expenditures		Percent of per capita expenditure for clothing
	Total personal consumption	Clothing	
	Dollars	Dollars	Percent
1947	1,150	144	12.5
1948	1,216	147	12.1
1949	1,214	136	11.2
1950	1,283	133	10.4
1951	1,358	139	10.2
1952	1,401	143	10.2
1953	1,456	138	9.5
1954	1,463	135	9.2
1955	1,549	139	9.0
1956	1,597	144	9.0

Source: U. S. Bureau of the Census.

For each successive year since 1947, the proportion of total per capita expenditure represented by clothing has been either lower or unchanged. The meaning of this trend is that the clothing industry is not even holding onto its earlier share of the consumer dollar.

However, some recent shifts in expenditures for clothing may indicate a possible reversal of this trend. For instance, from 1954 to 1956, the per person expenditure for clothing in constant dollars has moved up to 5.4 percent; in other words, the volume of clothing purchases is on an up trend. Retail clothing sales in 1955 increased 5.1 percent over 1954; in 1956, sales figures topped 1955 by 5.4 percent.

Recent clothing price trends

Prices of apparel at the retail level have fluctuated within a narrow range over the past 5 years. Comparing the September 1952 Consumer Price Index to September 1957, we observe that the index for men's and boys' apparel advanced a modest 1.7 percent while women's and girls' apparel declined 1.9 percent. Only footwear, with a 11.7 percent increase, exhibited a sustained upward price movement. Over this 5-year period the apparel group index rose 1.4 percent. Between September 1956 and September 1957 the women's and girls' apparel index remained practically unchanged, footwear showed less than 1 percent increase, and men's and boys' apparel advanced 1.2 percent.

Clothing outlook - 1958

The outlook for clothing in 1958 at both retail and wholesale levels is mixed. There is a lack of optimism among sellers. Men's topcoat and overcoat volume remain poor. Lagging retail coat sales have resulted in disappointing fall coat reorders. Women's coat and suit volume has also failed to meet earlier expectations. The sharp competition among women's hosiery manufacturers continues, with many retail outlets featuring hosiery as a sales promotional item.

There are bright spots in the area of boys' wear and men's and boys' sportswear with a mixed picture on women's and misses dresses. Fall shoe business, according to trade reports, is up to expectations with good selling on children's shoes.

When there is a lack of optimism it is generally accompanied by greater caution in planning for the next season. Retailers hesitate to lengthen their markup or to pass along a full retail markup on many of the wholesale price increases, while manufacturers reconsider their proposed price increases. We believe that out of these conflicting pressures for price changes the price movement for apparel is likely to be up during both the spring and fall 1958 selling season.

The price outlook for shoes, based on statements made by manufacturers attending the National Shoe Fair, points to an average 5 percent price increase at wholesale level with price changes made on a selective basis. If passed on to the consumer the price increase may be about 7 percent.

For big ticket items in women's clothing--such as coats and suits--increased labor cost may result in fewer manufacturers producing lower priced lines, with selling emphasis on higher priced merchandise. It should result also in quality adjustments within limits of consumer acceptability for a given retail price line. At least part of the increased labor cost may show up on retail price tags. In men's coats and suits a strong factor against price increases is the sagging woolen market and consumer preference for lighter weight wool and wool mixtures.

For small ticket items such as skirts, blouses, dungarees and slacks, increased costs may be more directly applied to the retail price and accepted by the customer.

Consumer demand for clothing

Adequate production facilities in the apparel industry, where small and medium-sized companies dominate, tend to cause closer competition. The industry is promotion minded and sensitive to changing styles, new fabrics, and changing patterns of consumer preference. Evidently the inability of the clothing industry to capture its former share of the consumer's dollar is the result of a lower priority for clothing on the part of consumers. The trend towards home ownership, relaxed social demand for "dressing-up," and the burden of installment payments often makes the purchase of clothing a deferrable expense in the family budget. While U. S. expenditures for all goods and services increased by over $100 billion since 1947, only about 4 percent of this increase found its way into expenditures for clothing.

I have selected hosiery and men's coats to illustrate this lag in sales over the 10-year period. These items were chosen in order to eliminate as much as possible the factor of replacement by substitution. For example, a man's suit may be replaced by a jacket and a pair of trousers, a woman's suit can be replaced by a skirt or a dress. For hosiery or outercoats only limited substitution is possible.

Hosiery.--Between 1947 and 1956 the consumption of women's hosiery increased by 3.1 percent but population of women 15 years of age and over increased 12 percent. On a per capita basis, consumption of women's hosiery dropped 8.9 percent; that of men's hosiery, 24.5 percent. The per capita consumption of children's hose declined 17.9 percent, while the population of children under the age of 15 increased by almost 40 percent.

Men's coats.-- The number of men's overcoats and topcoats produced in 1947 and 1956 was approximately equal--about 7.2 million. However, during this period, the population of men 21 years of age and over increased by about 2.3 million. If we use the production population figure for 1954 or 1955, the chasm between potential customers and garments manufactured becomes broader.

It may be that consumers are making their clothing dollar stretch a little further by greater care and longer wear. Or it may be that an increasing proportion of total clothing expenditures is being applied to just clothing replacements rather than wardrobe additions. Although the clothing industry relies heavily on changing fashions, styles, and colors to out-date apparel that could otherwise be worn, since the 1950 "new look" for women and possibly the current "ivy league" tailoring for men, there have been no sweeping changes in the fashion world. There has been a shifting of emphasis for specific items of apparel, especially to casual wear.

The total U. S. expenditures for clothing for each of the years between 1947 and 1956 are reasonably close. Such a steady rate of spending seems to imply that consumers are buying according to current needs based on budgetary allowances.

THE OUTLOOK FOR FOOD

Statement presented by Harry Sherr,
Agricultural Economics Division, Agricultural Marketing Service

The phrase "little different from 1957" probably best describes the general food situation in prospect for 1958. Supplies are expected to be close to the high level of 1957, and the domestic demand for food will likely remain strong. Civilian consumption of food probably will about equal the 1957 high per capita rate, exceeding the prewar (1935-39) average by 12 percent. Retail food prices are likely to average a little higher than a year earlier until perhaps mid-1958.

Strong consumer demand for food next year is expected to be sustained by the continued high level of consumer income in prospect. Economic activity and employment close to the 1957 record level is probable. Consumer expenditures for food will likely total a little higher than indicated for this year. The higher level cf average food outlays will be due mainly to the larger population and the slightly higher food prices during at least the first half of the year.

The forecast of slightly higher than year-earlier food prices reflects not only the continued strong demand for food and the slightly smaller supplies, but also the expectation of higher average marketing charges for food than in 1957. Most of the increase in marketing costs are likely to be passed on to consumers.

Food supplies available to civilians in 1958 probably will differ little from the 1957 near record-high total. Carryover stocks of food next January 1 will be substantial, and if weather is average food crop production in 1958 will be large. The number of livestock on farms and ranges at the beginning of the year will be close to that of last January 1, and the large supplies of feed grains will contribute substantially to keeping output of livestock products at a high level.

Meat.--About as large a volume of meat will be available to consumers next year as in 1957, according to present prospects. The composition of the supply probably will differ slightly, with pork likely to be a little more plentiful and both beef and veal slightly less so. Retail prices of meat may average a little higher than in 1957, with the difference narrowing after mid-1958 as hog marketings increase seasonally. Civilian consumption of meat per person next year may be a shade below the 1957 rate, but will likely be higher than in most of the years from 1900 to 1955.

The slightly smaller output of beef and veal in prospect for 1958 will reflect mainly the likely reduction in the number of cattle and calves marketed for slaughter. The effect of this will to some extent be offset by somewhat heavier average slaughter weights than in 1957. Abundant lower priced feed grains and prospects of a strong demand for beef will encourage farmers to feed cattle to heavier weights. Another consequence of heavier weight slaughter cattle next year would be a higher proportion than in 1957 of better grades of beef, most of which reach consumers as red meat cuts.

The expected increase over this year in pork supplies will likely be much greater in the second half of 1958 than in the first half. The 3 percent larger fall pig crop this year than in 1956 indicates more pork for consumers next spring and early summer than in the same part of 1957. Reports from 10 important States indicate that in September farmers there planned to have 7 percent more hogs farrow this December-February than last. The total 1958 spring pig crop--the most important one of the year--may be up by at least as large a percentage. Spring-crop pigs are marketed from late summer through about midwinter.

Dairy products.--Continued large supplies of milk and dairy products are expected in 1958. Total stocks of dairy products will be much higher this January 1 than last, with the increase likely to be almost entirely in Government-owned stocks. Milk production on farms may exceed by 1 to 2 billion pounds the record total of 127 billion estimated for 1957. The increased output is expected to reflect higher milk output per cow; dairy cow numbers may be no greater than this year.

Civilian consumption of dairy products in 1958 is expected to be close to this year's per capita rate, with shifts for most of the individual items likely to be slight. The Special Milk Program will continue to provide an important outlet for fluid milk next year even though the percentage increase may not equal those of the recent past when participation in the program was expanding rapidly. Retail prices of milk and dairy products are expected to differ little from those of 1957, with any changes likely to be mainly the result of adjustments in gross processing and marketing costs, unless the price-support level is altered.

Poultry and eggs.--Compared with this year, more chicken meat but fewer eggs and less turkey meat are in prospect for 1958. The increase in chicken meat is expected to come largely from commercial broilers. Lower feed prices next year are likely to encourage expanded production of commercial broilers and have a moderating influence on a probable reduction in the number of turkeys raised. Because of the 5 percent fewer layers expected to be on hand this January 1 than last, egg production will likely remain lower than this year at least until mid or late summer. The volume of "flock-replacement" chickens raised in 1958 will determine whether supplies next fall will equal or exceed those of this fall.

Civilian per capita consumption of chicken meat next year will likely be record high, exceeding somewhat the estimated 1957 rate, while the rate for turkey meat may be second to this year's record level. Consumption of eggs per person may be moderately lower next year, and at the lowest rate since 1942. Retail prices of poultry meat in 1958 may average close to this year's level, while those of eggs will average higher.

Fats and oils.--Food fats and oils will continue in heavy supply during the coming year, probably a little larger than in 1957. The probable increase will be due to somewhat greater output of lard and vegetable oils. Exports of edible fats and oils will be encouraged next year again. Retail prices of these food products are expected to average close to those in 1957. Civilian consumption of food fats and oils in 1958 is expected to average around 44 pounds (fat content) per person, about the same as this year's rate.

Cereal foods.--Abundant supplies of good grain will be available in the year ahead. Per capita consumption of cereal food products in 1958 may be no greater than in 1957. Retail prices of these food products will likely average a little higher than in 1957, reflecting slightly increased marketing charges.

Fruits and vegetables.--Supplies of processed fruits and vegetables through next spring, when the present marketing season ends, will continue large but not quite equal to the heavy volume available in the same months of 1956-57. However, current supplies are adequate to maintain civilian per capita consumption of these products in the months ahead at the year-earlier rate. More fresh deciduous fruit will be available next winter and spring than last, and current indications point to larger supplies of fresh citrus. If weather conditions are average, supplies of fresh vegetables this winter will be at least moderately larger than the relatively small ones of last winter. Supplies of potatoes through the winter months will be smaller than the burdensome ones of last winter, but still more than sufficient to permit civilians to consume potatoes at the year-earlier per capita rate.

Military procurement of food next year may be no larger than in 1957. Food exports may be down a little since world food supplies will likely be larger than a year earlier, and a little better distributed geographically.

ESTIMATED COST OF ONE WEEK'S FOOD

Table 5 (page 27) presents the estimated cost of one week's food to be prepared and served at home. The estimate is based on the quantities of food in the low cost, moderate cost and liberal plan published in the October 1957 Family Economics Review. These plans are also available as a separate leaflet--Low Cost, Moderate Cost, and Liberal Family Food Budgets, Revised 1957, HHE (Adm.)-53. The weekly cost of food for a specific family can be estimated from table 5, since costs are given for individuals of different ages. The costs presented are based on averages of food prices collected by the Bureau of Labor Statistics in 46 U. S. cities, and may not apply to any specific city or region.

CONSUMER PRICES

The index of prices paid by farmers for commodities used in family living (table 6, p.28) was about 3 percent higher in November 1957 than a year earlier. It had been at this higher level since June this year. September indexes for food and tobacco, and for autos and auto supplies were slightly lower than those of June, while clothing, household operation, house furnishings were slightly higher.

The Consumer Price Index for City Wage-Earner and Clerical-Worker Families (table 7, p. 28) was approximately 3 percent higher in October 1957 than in October 1956. Among the various components of the index there were minor gains between September and October for 5 items, and a small drop for food.

Table 5.--Estimated Cost of One Week's Food, 1/ October 1957

Sex-age groups	Low-cost plan	Moderate-cost plan	Liberal plan
	Dollars	Dollars	Dollars
FAMILIES			
Family of two, 21-34 years of age 2/......	15.00	20.50	22.50
Family of two, 55-74 years of age 2/......	13.50	18.50	20.00
Family of four with preschool children 3/.	20.50	27.00	30.00
Family of four, school age children 4/....	23.50	31.50	35.00
INDIVIDUALS			
Children:			
Under 1 year............................	3.00	3.75	4.00
1-3 years............................	3.50	4.50	5.00
4-6 years............................	4.25	5.50	6.50
7-9 years............................	5.00	6.50	7.50
Girls, 10-12 years.......................	5.75	7.75	8.50
13-15 years..........................	6.25	8.25	9.50
16-20 years..........................	6.50	8.50	9.50
Boys, 10-12 years........................	6.00	8.00	9.00
13-15 years..........................	6.75	9.25	10.50
16-20 years..........................	8.25	11.00	12.50
Women:			
21-34 years..........................	5.50	7.50	8.25
35-54 years..........................	5.25	7.25	8.00
55-74 years..........................	5.00	6.75	7.50
75 years and over....................	4.75	6.25	7.00
Pregnant.............................	6.00	8.00	9.00
Nursing..............................	8.00	10.75	11.75
Men:			
21-34 years..........................	7.00	9.50	10.50
35-54 years..........................	6.50	8.75	9.75
55-74 years..........................	6.25	8.50	9.25
75 years and over....................	6.00	8.00	8.75
Per capita 5/............................	5.50	7.50	8.50

1/ These estimates were computed from quantities in low-cost, moderate-cost, and liberal food plans published in tables 2, 3, and 4 of the October 1957 issue of Family Economics Review. The cost of the food plans was first estimated by using the average prices per pound of each food group paid by nonfarm survey families at 3 selected income levels. These prices were adjusted to current levels by use of Average Retail Prices of Food in 46 Large Cities Combined released periodically by the Bureau of Labor Statistics. Estimates for individuals have been rounded to nearest $0.25 and for families to the nearest half dollar.

2/ Twenty percent added for small families.

3/ Man and woman 21-34 years, children, 1-3 and 4-6 years.

4/ Man and woman 21-34 years, child 7-9, and boy, 10-12 years.

5/ Base on estimate of age distribution of U. S. population for 1955. U. S. Bureau of Census.

Table 6.--Index of Prices Paid by Farmers for Commodities
Used in Family Living (1947-49=100)
November 1956: March-November 1957

Item	Nov. 1956	Mar. 1957	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
All commodities............	115	116	117	117	118	118	118	118	117	118
Food and tobacco.........	--	115	--	--	118	--	--	117	--	--
Clothing.................	--	113	--	--	113	--	--	114	--	--
Household operation......	--	115	--	--	115	--	--	117	--	--
Household furnishings....	--	108	--	--	108	--	--	109	--	--
Building materials, house	--	120	--	--	121	--	--	121	--	--
Autos and auto supplies..	--	136	--	--	136	--	--	135	--	--

Source: Agricultural Marketing Service.

Table 7.--Consumer Price Index for City Wage-Earner
and Clerical-Worker Families (1947-49=100)
October 1956; February-October 1957

Item	Oct. 1956	Feb. 1957	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
All items.................	118	119	119	119	120	120	121	121	121	121
Food.....................	113	114	113	114	115	116	117	118	117	116
Apparel..................	107	106	107	106	106	107	106	107	107	108
Housing..................	123	124	125	125	125	126	126	126	126	127
Rent...................	133	134	134	134	135	135	135	135	136	136
Gas and electricity....	112	112	112	112	112	112	112	113	114	114
Solid fuels and fuel oil	133	139	139	138	135	135	136	136	137	138
Housefurnishings.......	104	105	105	105	104	105	104	104	105	105
Household operation....	124	126	126	126	127	128	128	128	128	129
Transportation...........	133	134	135	136	135	135	136	136	136	136
Medical care.............	134	136	136	137	137	138	138	139	139	140
Personal care............	121	123	123	123	123	124	125	125	125	126
Reading and recreation...	108	110	110	112	111	112	112	113	113	113
Other goods and services.	123	124	124	124	124	125	127	127	127	127

Source: Bureau of Labor Statistics.

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