36th ANNUAL
NATIONAL
AGRICULTURAL

OUTLOOK CONFERENCE

November 17-21, 1958
Washington 25, D.C.

Program

U.S. DEPARTMENT OF AGRICULTURE

agricultural marketing service
agricultural research service
commodity stabilization service
foreign agricultural service
forest service
federal extention service cooperating

MONDAY (November 17) MORNING

(Thomas Jefferson Auditorium - South Building)

C. M. Ferguson, Administrator
Federal Extension Service, Chairman

9:00	Registration	
9:30	Opening of Conference	Ezra T. Benson Secretary of Agriculture
9:45	National Economic Situation and Outlook	Nathan M. Koffsky, Chief Farm Income Branch Agricultural Marketing Service
10:15	Intermission	

10:30 Panel Discussion - James P. Cavin, Chief
Statistical and Historical Research Branch
Agricultural Marketing Service, Moderator

Nathan M. Koffsky
Agricultural Marketing Service

John W. Lehman, Clerk
Joint Economic Committee

Louis J. Paradiso, Assistant Director-Chief Statistician
Office of Business Economics
Department of Commerce

William Butler, Vice President
Chase National Bank, New York City

J. A. Livingston
Philadelphia Bulletin

12:30 - 2:00 Lunch Time

AEP-234 (11-58)

MONDAY (November 17) AFTERNOON

(Thomas Jefferson Auditorium - South Building)

Bushrod W. Allin, Chairman of Outlook and Situation Board
Agricultural Marketing Service, Chairman

2:00	World Situation as it Affects the Outlook for Agriculture	Max Myers, Administrator Foreign Agricultural Service
2:30	Agricultural Outlook for 1959	Fred V. Waugh, Director Agricultural Economics Division Agricultural Marketing Service
3:15	Intermission	
3:30	Panel Discussion - Bushrod W. Allin, Moderator	

Max Myers, Administrator
Foreign Agricultural Service

Gustave Burmeister, Assistant Administrator
Agricultural Trade Policy & Analysis
Foreign Agricultural Service

Faith Clark, Director
Household Economics Research Division
Agricultural Research Service

Carl P. Heisig, Director
Farm Economics Research Division
Agricultural Marketing Service

Fred V. Waugh
Agricultural Marketing Service

George W. Campbell
Extension Economist
University of Arizona

William M. Carroll
Extension Economist
Pennsylvania State University

Karl Hobson
Extension Economist
State College of Washington

Francis A. Kutish
Extension Economist
Iowa State College

5:00 Adjournment

TUESDAY (November 18) MORNING

(Thomas Jefferson Auditorium - South Building)

The Outlook for and the Impact of Resource Adjustments on Agriculture

Sherman E. Johnson, Chief Economist
Agricultural Research Service, Chairman

9:15	Prospects for Adjustments in Production and Resource Use	Hugh L. Stewart, Chief Agricultural Adjustments Research Branch Agricultural Research Service
9:45	Prospective Changes in the Structure of Farming	Kenneth L. Bachman, Asst. Director Farm Economics Research Division Agricultural Research Service
10:15	Discussion	
10:35	Intermission	
10:50	Needs and Prospects for Public Action to Facilitate Resource Adjustments	George E. Brandow, Professor Department of Agricultural Economics Pennsylvania State University
11:10	Needs and Prospects for Private Action to Facilitate Resource Adjustments	Earl O. Heady, Professor Department of Agricultural Economics & Rural Sociology Iowa State College

11:30 Panel Discussion - Sherman E. Johnson, Moderator

Hugh L. Stewart
Agricultural Research Service

Kenneth L. Bachman
Agricultural Research Service

George E. Brandow
Pennsylvania State University

Earl O. Heady
Iowa State College

Ronald H. Bauman
Extension Economist
Purdue University

Marion D. Thomas
Extension Economist
Oregon State College

12:30 - 2:00 Lunch Time

TUESDAY (November 18) AFTERNOON

(Thomas Jefferson Auditorium - South Building)

How USDA Outlook is Developed

Richard G. Ford, Extension Economist
Agricultural Economics Division, FES, Chairman

2:00	Purpose and Scope	Bushrod W. Allin, Chairman Outlook and Situation Board Agricultural Marketing Service
2:20	Role of Agricultural Estimates	Sterling R. Newell, Director Agricultural Estimates Division Agricultural Marketing Service
2:40	Other Sources of Outlook Data	C. Kyle Randall, Head Statistical and Historical Research Branch Agricultural Marketing Service
3:00	Intermission	
3:15	Developing the General Outlook	Carroll E. Downey Farm Income Branch Agricultural Economics Division Agricultural Marketing Service
3:35	Developing the Outlook for Individual Commodities	Martin J. Gerra Statistical and Historical Research Branch Agricultural Economics Division Agricultural Marketing Service
3:55	How Outlook is Developed in my State	Leonard W. Schruben Extension Economist Kansas State College
4:15	Discussion	
5:15	Adjournment	
6:30	Home Management Specialists Dinner Little Tea House, Arlington, Virginia	

Wednesday, November 19, 1958

Commodity Outlook Sessions for Producers, Handlers and Consumers

9:15 - 11:30	Fats, Oils and Peanuts - Freer Art Gallery Auditorium Karl G. Shoemaker, FES, Chairman George W. Kromer, AMS, Outlook Statement
	Forest Products - Room 3048 South Building Paul O. Mohn, FES, Chairman Dwight Hair, FS, Outlook Statement
9:15 - 10:20	Vegetables - Room 1351 South Building R. L. Childress, FES, Chairman Will M Simmons, AMS, Outlook Statement
10:25 - 11:30	Potatoes - Room 1351 South Building R. L. Childress, FES, Chairman Will M. Simmons, AMS, Outlook Statement
11:30 - 12:45	Lunch Time
12:45 - 3:15	Food Grains (Wheat & Rice) - Room 509 Adm. Building Thomas E. Hall, FES, Chairman Robert E. Post, AMS, Outlook Statement
	Tobacco - Room 3048 South Building Buel F. Lanpher, FES, Chairman Arthur G. Conover, AMS, Outlook Statement
	Sugar - Room 5219 South Building Herbert G. Folken, CSS. Chairman
3:30 - 5:15	Grass and Legume Seeds - Room 5219 South Building Paul O. Mohn, FES, Chairman William R. Askew, AMS, Outlook Statement
	Fruits and Tree Nuts - Room 1351 South Building Lloyd H. Davis, FES, Chairman Ben H. Pubols, AMS, Outlook Statement
	Cotton - Jefferson Auditorium E. P. Callahan, FES, Chairman Doris D. Rafler, AMS, Outlook Statement
5:15	Adjournment

Wednesday, November 19, 1958

Room 216 Administration Building

Family Living Sessions

Frances Scudder, Director
Division of Home Economics Programs, FES, Chairman

9:15	Food Outlook	Harry Sherr Agricultural Economics Division Agricultural Marketing Service
10:15	Housing and Durable Household Equipment Outlook	George Johnson Bureau of Labor Statistics Department of Labor
11:00	Textiles and Clothing Outlook	Harry Kahan Bureau of Labor Statistics Department of Labor

11:45 - 1:30 Lunch Time

Planning for Intermediate and Long-Term Family Financial Adjustments

Faith Clark, Director
Household Economics Research Division, ARS, Chairman

1:30	Using Spending Patterns From Expenditure Studies as Guides	Lucile Mork Household Economics Research Division, ARS
	Income and Job-Related Expenditures of Working Wives	Emma Holmes Household Economics Research Division, ARS
	Seasonal Variations in Spending of Farm Families	Marcia Gillespie Household Economics Research Division, ARS
	Using Food Budgets in Planning	Eloise Cofer Household Economics Research Division, ARS

5:00 Adjournment

Thursday, November 20, 1958

Commodity Outlook Sessions for Producers, Handlers and Consumers

9:15 - 12:00	Feed, Livestock and Meat - Jefferson Auditorium Richard G. Ford, FES, Chairman Outlook Statements: Malcolm Clough, AMS Harold F. Breimyer, AMS
12:00 - 1:30	Lunch Time
1:30 - 3:15	Dairy - Jefferson Auditorium Max K. Hinds, FES, Chairman Herbert C. Kriesel, AMS, Outlook Statement
3:30 - 5:00	Poultry - Jefferson Auditorium Homer S. Porteus, FES, Chairman Edward Karpoff, AMS, Outlook Statement
5:00	Adjournment

Thursday, November 20, 1958

Room 216 Administration Building

Family Living Sessions

Planning for Intermediate and Long-Term Family Financial Adjustments (cont'd)

Emma Holmes, Home Economist
Household Economics Research Division, ARS, Chairman

9:15	Planning for Replacements of Durable Goods	Jean Pennock Household Economics Research Division, ARS
	Family Use of Consumer Credit	Janis Moore Household Economics Research Division, ARS
	Considerations in Developing and Using Standard Budgets	Helen H. Lamale Bureau of Labor Statistics Department of Labor
11:30 - 1:00	Lunch Time	

Planning for Intermediate and Long-Term Family Financial Adjustments (cont'd)

Starley M. Hunter, Family Economics and Home Management Specialist
Division of Home Economics Programs, FES, Chairman

1:00	Guiding Family Spending Discussion	Alice H. Jones Household Economics Research Division, ARS
2:30	Meat Outlook as It Affects Families	Harold F. Breimyer, Head Livestock, Fats & Oils Section Agricultural Economics Div., AMS
	Dairy Outlook as It Affects Families	Herbert C. Kriesel, Head Dairy and Poultry Section Agricultural Economics Div., AMS
4:30	Adjournment	

STATE DELEGATES PREREGISTERED FOR THE 36th OUTLOOK CONFERENCE
November 17-21, 1958

ALABAMA
Foy Helms,

ALASKA
Allan H. Mick

ARIZONA
George W. Campbell, Jean M. Stewart

ARKANSAS
Clay R. Moore, Crystol C. Tenborg

CALIFORNIA
Robert C. Rock, Mildred Novotny

COLORADO
S. Avery Bice

CONNECTICUT
George Ecker, Florence Walker

DELAWARE
W. T. McAllister, Patricia Middleton

FLORIDA
C. C. Moxley, Bonnie J. Carter

GEORGIA
J. J. Lancaster, Hilda Dailey
Paul C. Bunce

HAWAII
Stephen Doue

IDAHO
Wayne Robinson

ILLINOIS
L. H. Simerl, Catherine Sullivan

INDIANA
Ronald Bauman, Elkin Minter
James Stevenson, Clara Wendt

IOWA
Francis Kutish, Helen T. Sorensen

KANSAS
Leonard Schruben, Ruth Wells
Sykes Trieb

KENTUCKY
Steve Allen, Catherine Knarr
Wilmer Browning, Letta W. Jasper

LOUISIANA
W. D. Curtis, Celia Hissong

MAINE
Arling C. Hazlett, Doris D. Ladd

MARYLAND
George A. Stevens, Joanne W. Reitz

MASSACHUSETTS
Adrian H. Lindsey, Barbara Higgins

MICHIGAN
Charles L. Beer, Lucile Ketchum
John N. Ferris

MINNESOTA
Luther Pickrel, Margaret Jacobson

MISSISSIPPI
Rupert B. Johnston, Katherine Simpson

MISSOURI
Coy G. McNabb
Thomas Brown
Elmer Kiehl

MONTANA
John Bower

NEBRASKA
T. Allen Evans, Clara Leopold

NEVADA
George Myles

NEW HAMPSHIRE
Silas B. Weeks, Ann F. Beggs
Louise C. Dix

STATE DELEGATES PREREGISTERED FOR THE 36th OUTLOOK CONFERENCE (continued)
November 17-21, 1958

NEW JERSEY
Frank V. Beck, Hildreth M. Flitcraft
John T. Hunter
George T. McCloskey

NEW MEXICO
C. R. Keaton

NEW YORK
L. C. Cunningham, Leola Cooper
D. C. Goodrich, Gwen Bymers
V. B. Hart
R. B. How
C. W. Loomis
R. G. Murphy
R. S. Smith
C. E. Wright

NORTH CAROLINA
Guy Cassell, Mamie Whisnant
Clyde Weathers

NORTH DAKOTA
Harry G. Anderson, Irene Crouch

OHIO
Wallace Barr, Jr., Mabel Spray
Lyle H. Barnes

OKLAHOMA
Houston Ward, Evelyn Nantz

OREGON
M. D. Thomas

PENNSYLVANIA
Monroe Armes, Helen Bell
H. LouieeMoore
William Carroll
Wesley Kriebel

PUERTO RICO
Roberto Lefebre-Munoz
Andreita Vazquez de Reyna

RHODE ISLAND
Arthur Domike, Evelyn Lyman

SOUTH CAROLINA
M. C. Rochester, Ruby Craven

SOUTH DAKOTA
Lyle M. Bender, Isabel McGibney

TENNESSEE
Eugene Gambill, Mary Sue Mayo
Phyllis Ilett

TEXAS
John G. McHaney, Eula J. Newman

UTAH
Morris Taylor

VERMONT
Verle Houghaboom, Doris Steele

VIRGINIA
James B. Bell, Ocie J. O'Brien
D. U. Livermore
K. E. Loope
W. J. Nuckolls, Jr.
Harold W. Walker

WASHINGTON
Karl Hobson, Lila Dickerson

WEST VIRGINIA
Vernon Sheppard, Louise Knight

WISCONSIN
Gustof Peterson, Louise Young

WYOMING
Bob Frary, Alberta Johnston

(* - *)
For release
Nov. 19 2:00 p.m.

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

USING SPENDING PATTERNS FROM EXPENDITURE STUDIES AS GUIDES

By Lucile F. Mork, Family Economist

A simplified form that would show families how to divide their income in order to provide the essentials, plus some of the extras so necessary to happiness, would be welcome to many families. It is not possible, however, to set up a so-called master financial plan that will work satisfactorily for every family. Family needs differ so greatly that it is difficult to make recommendations unless it is possible to work very closely with the family. One family may want above all else to have a large family, another to own their farm, or just be out of debt, while still other families may place greater emphasis on the social aspects of living, and prefer to work toward improving the community in which the family lives. Actually, one family's need may be another's waste.

Many consumer studies have given useful information about ways families spend and save. This information has been helpful to those who counsel families and individuals in solving their financial problems. There is considerable evidence that many families themselves want this type of information so that they can make plans for using their financial resources. Accumulating a nest egg that will meet unexpected expenses is the incentive that keeps some families watching their finances. Facing a new situation such as a change in income, family size, or retirement is a major concern to other families that are trying conscientiously to do a good job of fulfilling the family's needs and desires.

Our most recent national study, the 1955 Study of Farmers' Expenditures, was limited, as the title indicates, to expenditures for family living and the operation of the farm. We have no current information on the division of income between consumption and savings. This paper must therefore be limited to a consideration of the consumption phases of the budget. We have supplemented these farm data with estimates of urban spending in 1955 developed from the Study of Consumer Expenditures, Incomes and Savings in 1950.

Presented at the 36th Annual National Agricultural Outlook Conference, November 19, 1958, Washington, D. C.

One way of examining expenditure data is to look at the distribution of total expenditures for family living among the various consumption categories. If we look at the percentage of each dollar that goes for food, housing, clothing, medical care, and the other categories, we can see more easily the relationship of the various parts to each other. Likewise, we can see what shifts in spending are made by families when the whole changes, that is, income increases or decreases, the family grows or diminishes. An analysis of this kind is sometimes referred to as the pattern of spending. This concept of dividing the dollar, into percentages, seems to appeal to many families, and because it does it is a useful device.

One problem in any analysis of spending patterns is that of selecting families with appropriate characteristics. One can use the distribution of expenditures for all families, but it is probably somewhat more helpful for families in their money management if they can see how families of the same size, income, or stage in family life cycle (such as age of head) spend their money for the various categories. Those who work with families know that most families are interested in data that apply directly to them either at the present time or some stage they will be in and are planning toward.

Family spending patterns are helpful as a clue to what families consider important in family living. However, spending patterns are affected by many factors--place of residence, size of income, size of family, age of family--to name but a few. As these factors change, the percent spent for the different items changes also.

As a basis for comparison of the effect of these various factors, we are using the pattern of spending for farm-operator families. This pattern shows that farm families on the average divide their consumption dollar as follows. They spend 31 percent for food; 21 percent for housing (including dwelling upkeep, household operation, housefurnishings and equipment); 17 percent for clothing and personal care; 14 percent for transportation; 9 percent for medical care; 6 percent for recreation, education, reading; and 2 percent for all other. (See table and chart.)

Food and beverages

Let us look first at the category of food. We see that farm and urban families spend the same percentage of their consumption dollar for food, 31 percent. This is rather surprising in view of the fact that farm families still produce 40 percent of their total food supply on their own farms, but it can be explained.

Because farm families do get a part of their living from their farms--considerably more than urban families get without direct cash outlays--their expenditures account for a smaller part of their total consumption. Consequently those categories of consumption that are provided for completely through cash outlays will loom larger on a percentage basis, other things being equal, in the farm than in the city budget; the things that are obtained in part by other means will be less important. Farm family expenditures for food are, on the average, lower than those of urban families, but when taken as a proportion of a less inclusive and therefore smaller total, they turn out to be the same, percentagewise.

When income is low a larger proportion of the consumption dollar has to be used for food. Among city families with an income between $1,000 and $2,000, 35 percent goes for food. 1/ Smaller percentages are then spent for the things they consider less essential, or more realistically the things they can get along without. As total expenditures increase, the percentage spent for food decreases--34 percent among families with incomes of $4,000 to $5,000, and 29 percent among families with incomes of $7,500 to $10,000. Similar decreases could be shown for farm families, although at comparable income levels the percentages are smaller.

It is not that these families with more money to spend consider food any less important. As a matter of fact they are spending more for food, particularly for food away from home. The latter increases faster with income than does food at home. This is true of both farm and urban families.

Large families spend more for food than small families, both in actual amounts and as a percent of their total spending. For example, consider farm families with approximately the same income, $2,000 to $4,000, some with 2 members, others with 4 members, and still another group with 6 members. The largest families spend, on the average, 32 percent as compared to 30 percent for the 4-member families, and 28 percent for the 2-member families. It takes more food for the large family both at home and away from home.

The age of the head can be used as an indication of the family's position in the marriage cycle. The use of this classification reflects differences related to changes in the size and age composition of the family. Among both farm and urban families, position in the family life cycle as measured in this way has very little effect on spending for food--less than either income or family size, the proportions being practically the same for families with young and old heads.

Education has the effect of decreasing the proportion families spend for food. Among farm families with incomes between $2,000 and $4,000, the operators with only a grade school education spend 32 percent of their expenditures for food compared to 29 percent by those who have been to high school or beyond. The operators who went to high school spend more for food than do those who didn't, but they also increase their spending even more sharply in some other categories. As a result the percentage used for food declines.

1/ In the analysis by level of income, as elsewhere in this paper, consideration is limited to the pattern of consumption.

If the various categories were shown as a proportion of income rather than of total consumption expenditures, the proportions would be higher at the lower end of the income scale where average expenditures exceed average income and lower at the upper end where average income exceeds average expenditures for consumption and there is savings.

Housing

We have seen that the housing categories (dwelling upkeep, household operation, and furnishings and equipment) take 21 percent of the farm family dollar. This proportion is considerably higher for city families--28 percent. A large part of this difference, however, can be attributed to the way we set up the accounts for the 2 groups. The farm family presents the more difficult accounting problem. They pay rent for the farm, or taxes and perhaps mortgage interest on it. Part of this should be considered a farm business expense and part a family expense for housing. There is no division in these bills as they are paid, however, and with all the other material that has to be gotten from the family in an expenditure study, we find it almost impossible to get the data to make a satisfactory division. We have therefore followed the practice of attributing the whole expenditure to the farm. We usually compensate by setting a consumption value on the house, in one way or another, but this does not show when we are talking about dollars-out-of-pocket. The accounts of urban families, on the other hand, include rent or taxes and the other expenses of home ownership.

Most of the difference in housing expenditures is to be found in the dwelling upkeep category, which, it should be noted, also includes lodging away from home. The proportion of the family dollar that is assigned to household operation and furnishings and equipment is slightly larger among farm than city families.

Among urban families the proportion of total expenditures on the house itself and for household operation tends to decrease as income rises, while the proportion used for furnishings and equipment remains the same. As a result, the proportion of the dollar spent on the three housing categories becomes smaller. Among 4-person families this change is from 27 percent at the $1,000-$2,000 income level to 26 percent at the $4,000-$5,000 level, to 25 percent at the $7,500-$10,000 level. The pattern among farm families is less clear cut.

As family size increases, the housing categories in combination tend to take a smaller proportion of the total spending. Among farm families with incomes between $2,000 and $4,000, the drop is from 25 percent for 2-person families to 20 percent for 4-person families. This level is maintained by 6-person families. Among city families the decrease is even sharper. Both groups spend proportionately less on the house itself and for household operation as family size increases. Urban families also decrease the proportion of the dollars used for furnishings and equipment, but farm families increase these expenditures both in dollars and as a percent of total spending.

The housing categories maintain a relatively stable position in the budget throughout the family life cycle. The spending of farm families with incomes between $2,000 and $4,000 fluctuates from 21 percent of the total spending when the operator is under 35 to 19 percent when he is between 45 and 54, and to 22 percent when he is 65 or more. Two of the three component categories, however, show very distinct patterns. Spending on the house itself, both in total amounts and as a percent of total spending, rises as the family moves through its life cycle. Spending for furnishings and equipment is high, both absolutely and proportionately, in the early years when the family is building up its stock of household goods and decreases in later years.

Among farm families spending for the housing categories, and particularly for household operation, tends to be higher when the farm operator has a better education. With families at the same income level, those in which the operators have only attended grade school use 19 percent of their total spending on the housing categories. Among those whose operators have attended high school, the proportion rises to 22.

Clothing and personal care

Urban families spend a smaller proportion of their dollar for clothing and personal care than do farm families, although in total amounts they usually spend more than comparable families on farms. While the latter allot 17 percent, on the average, to these categories, city families use only 12 percent here.

One reason for this difference lies in the fact that farm families have more members to clothe. Although clothing and personal care expenditures do not change in precise proportion to changes in family size, spending for these categories does increase with family size more rapidly than does total spending and becomes a larger proportion of the whole when the family is larger. Among farm families with incomes between $2,000 and $4,000 this shift is from 14 percent for 2-person families to 18 percent for 4-person families. Six-person families tend to spend more, but use about the same proportion of the total as do 4-person families. Among urban families the increase with the growth in size of the family continues farther up the family size scale.

Most of the items covered by the clothing and personal care categories are things that are used by individuals rather than by the family as a whole. In this they are like food and medical care and can be contrasted with the housing categories in which use is by the family rather than by individuals. Of the categories distinguished by individual consumption, clothing and personal care show a closer relationship between amounts spent and family size than do food or medical care.

The importance of clothing and personal care in the budget is also related to the family's position in its life cycle. A larger proportion is used in its middle years than earlier or later. Farm families with incomes between $2,000 and $4,000 average 16 percent of total spending for clothing and personal care when the operator is under 35 years old. At this time his children are still small and the family has probably not reached its maximum size. When the farm operator is between 45 and 54, 18 percent goes for clothing and personal care. This is the period when the family is at its maximum size and the needs of children individually are greatest. When the operator is 65 or more, clothing and personal care are reduced to only 14 percent of the budget. In this period the family is at its smallest and the older couple will spend less on themselves than earlier.

The level of income has little effect on the proportion of the dollar that is used for clothing and personal care. Expenditures here tend to increase at an even pace with total expenditures. Among city families of 4 persons, spending for these categories is 13 percent of total spending for families of $1,000 to $2,000 income and 12 percent for families with an income of $4,000 to $5,000. Families with incomes of $7,500 to $10,000 average 14 percent of total spending for these categories.

The level of education attained by the head of the family is also without marked effect on the spending pattern as it relates to clothing and personal care. Farm families with incomes between $2,000 to $4,000 in which the operator has had 9 years or more of schooling tend to spend more for clothing and personal care than do those families in which the operator has had less than 9 years of school. This is true of total spending also, and the proportion devoted to these categories remains the same--17 percent.

Transportation

It has been shown that transportation takes 14 percent of the farm consumption dollar. Most of this--95 percent--is used for the family share of the purchase and operation of cars and, occasionally, trucks. In our surveys, the division of total automobile and truck costs between the farm business and the family is made by the respondent.

Urban families also use 14 percent of the consumption dollar for transportation. With them public transportation accounts for about 15 percent of spending for the category in contrast to 5 percent for farm families.

Expenditures for transportation show greater response to changes in income than does any other category discussed here. Urban 4-person families almost double their expenditures when income rises from the $1,000 to $2,000 level to the $4,000 to $5,000 level, and more than double them when income rises from that level to the $7,500 to $10,000 level. As a consequence, transportation becomes increasingly important in the urban family spending plan and takes 11, 13, and 17 percent, respectively. Farm families increase the proportion of their dollar used for transportation even more sharply as income rises.

This may indicate that, at least above a minimum level, transportation as we have it today is something of a luxury item. This shows up again in the relationship between these expenditures and family size. As family size increases and there are heavier demands on income, the proportion that is spent on transportation decreases. Among farm families at the $2,000 to $4,000 level, the decrease is from 16 percent, spent by 2-person families, to 13 percent, spent by 4-person families. This level of spending is maintained by 6-person families.

As the family moves through its life cycle, from the period when its head is under 35 years and the children are small, to the period when the head is 45 to 54 years old and the family is at its largest with a wide range of interest, demands on the family purse become heavier. Families tend to increase their spending for transportation but only in proportion to other increases. Among farm families with incomes between $2,000 and $4,000 transportation takes 14 percent at both stages. As the family contracts in size, demands on the purse become less heavy. When the operator is 65 or more transportation expenditures fall off somewhat, but because these families are spending less on other things, this category of expenditures becomes more important, taking 16 percent of the total spending.

In view of the frequent charge that our culture is materialistic and that we use the automobile as a status symbol, it is of interest that education seems to have the effect of putting the automobile in a less important place in our scheme of things. Among farm families at the income level $2,000 to $4,000, those whose heads have had less than 9 years of schooling devote 15 percent to transportation, but those whose heads have had 9 years or more use only 13 percent.

Medical care

Turning now to medical care--we have seen that farm families spend 9 percent of their dollar here. Although urban families generally spend more than comparable farm families, as a percent of total spending medical care takes only 5 percent among urban families.

Medical care tends to take a smaller part of the consumption dollar as the size of the family increases. Among farm families with incomes between $2,000 and $4,000 the decrease is from 10 percent in 2-person families to 7 percent in 6-person families. A comparable decrease could be cited for urban families. Farm families actually spend more dollars on medical care as they get larger, but spending for other categories of consumption, notably food, clothing, and recreation, and for all of family living goes up even more rapidly, so that the proportion going to medical care goes down. By contrast, city families tend to decrease the absolute amount of their spending for medical care as well as the proportion of the total devoted to it.

Medical care is another of the categories that tends to take the same proportion of the city family's dollar, regardless of income level. Farm families tend to spend a slightly smaller percent here as income rises. They spend more for medical care at higher income levels, but they also increase their total expenditures at a somewhat more rapid rate so the percentage falls.

Young adults and children have relatively low individual expenditures for medical care. The highest expenditures for the individual tend to come as he ages. In terms of family expenditures this means that families spend more for medical care in the middle years of marriage when families are larger than they do in the early years. The decrease in family size in the later years more than balances the increase in expense per person and expenditures drop off. When this is put in terms of the expenditure pattern, taking into account changes in other categories as well, the proportion spent for medical care is found to be constant from the early through the middle years when families are increasing their expenditures for most things. In later years, families reduce their total expenditures for living proportionately more than they do for medical care, and hence the latter rises as a proportion of total expenditures. Among farm families, expenditures average 8 percent when the operator is under 35 years of age, are still at that level when he is 45 to 54, but increase to 10 percent when he is 65 or more.

Medical care expenditures tend to increase somewhat with the level of education. Among farm families with incomes between $2,000 and $4,000, the increase is only from 8 percent for operators with less than 9 years schooling to 9 percent for those with 9 years or more. While it might be expected that greater emphasis would be placed on medical services by those with higher education, they may also reduce the need for some medical expenditures by greater attention to diet and other aspects of healthful living. The linkage between age and educational attainment also minimizes the effect of education on medical spending. If age were held constant, the proportion of the dollar going to medical care would rise more sharply with increased schooling.

Recreation, education, and reading

The last category that we will consider is recreation, education, and reading. Farm and urban families are much alike in their spending patterns here, using 6 percent of their total dollars.

Spending for this category tends to become slightly more important in the total pattern as income increases. Among urban families this increase is from 6 percent spent by families at the $1,000 to $2,000 and $4,000 to $5,000 levels to 7 percent at the $7,500 to $10,000 level.

Among farm families with an income between $2,000 and $4,000, large families spend more proportionately than smaller ones. Families of 4-persons and 6-persons use 7 percent, whereas 2-person families use 5. Urban families also increase the proportion of the dollar used for this category as size increases but the change is smaller.

Older families are likely to spend a smaller proportion for recreation, education, and reading than younger families. Families whose heads are close to 50 years spend the largest proportion--7 percent--with older families allotting only 4 percent.

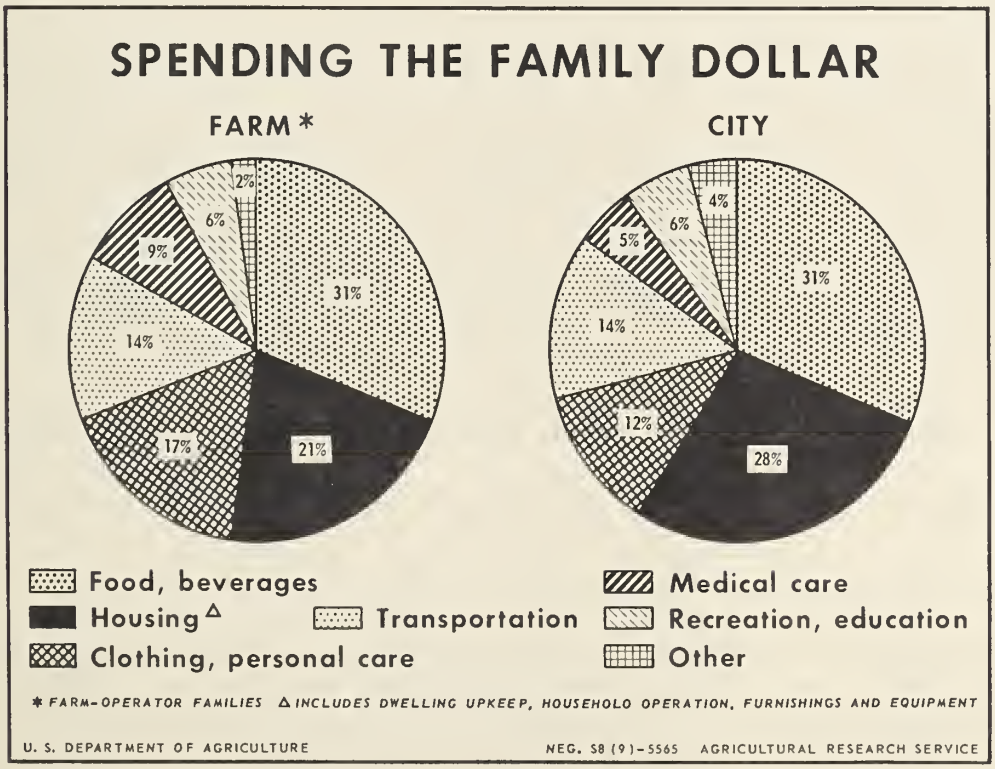
Spending for recreation, education, and reading is higher among farm families whose head has had 9 or more years of schooling than among those with less.

Conclusion

A comparison of these patterns of spending shows us that families can look forward to making certain adjustments as they progress through the marriage cycle and their economic position changes. A knowledge of what to expect can help them plan better for the future.

If a family follows the usual pattern, it can expect some increase in income during the first half of the marriage cycle. As it increases in size and the children grow older, spending for family living will increase and will be at its peak when the head of the family is between 45 and 54 years old. Clothing and personal care will rise proportionately more than total spending, and the housing categories in combination will decline in dollars spent and as a proportion of total spending.

When the children are grown and the family is reduced in size, income also generally declines. After age 55 the family's spending will fall off sharply. Clothing and recreation, education, and reading will show the sharpest declines, and the housing categories and medical care will be more important in the total.



Patterns of Spending for Current Consumption, 1955

Family characteristic	Total consumption	Food and beverage	Housing				Clothing and personal care	Transportation	Medical care	Recreation, education, reading	All other
			Total	Dwelling upkeep	Household operation	Furniture and equipment					
	Amount spent per family (dollars)										
Farm-operator families 1/..	2,759	846	579	71	289	219	476	376	240	163	79
Urban families 2/	4,578	1,433	1,267	586	414	267	564	655	246	258	155
4-person urban families											
By income level:											
$1,000-$2,000	2,870	1,010	780	350	270	160	360	330	140	160	90
$4,000-$5,000	4,610	1,570	1,190	540	390	260	570	620	250	270	140
$7,500-$10,000	7,690	2,240	1,950	830	660	460	1,060	1,270	400	550	220
Farm-operator families 1/ ($2,000-$4,000 income)											
By family size:											
2 persons	2,350	650	590	110	295	185	320	375	225	115	75
4 persons	3,150	960	640	45	330	265	560	420	270	210	90
6 persons	3,340	1,085	650	45	320	285	610	430	250	235	80
By age of operator:											
Under 35	2,865	870	610	10	310	290	465	415	230	185	90
45-54	3,285	1,010	620	65	315	240	605	470	270	235	75
65 and over	2,140	655	475	65	285	125	305	345	220	80	60
Education of operator:											
Under 9 years	2,725	865	530	45	265	220	475	415	220	145	75
9 years and over	3,220	945	705	70	365	270	550	410	300	225	85

See footnotes at end of table.

See footnotes at end of table.

Patterns of Spending for Current Consumption, 1955--Continued

Family characteristic	Total consumption	Food and beverage	Housing				Clothing and personal care	Transportation	Medical care	Recreation, education, reading	All other
			Total	Dwelling upkeep	Household operation	Furniture and equipment					
	Percent of total expenditures										
Farm-operator families 1/..	100	31	21	3	10	8	17	14	9	6	2
Urban families 2/	100	31	28	13	9	6	12	14	5	6	4
4-person urban families											
By income level:											
$1,000-$2,000	100	35	27	12	9	6	13	11	5	6	3
$4,000-$5,000..........	100	34	26	12	8	6	12	13	5	6	4
$7,500-$10,000	100	29	25	11	8	6	14	17	5	7	3
Farm-operator families 1/ ($2,000-$4,000 income)											
By family size:											
2 persons	100	28	25	5	12	8	14	16	10	5	2
4 persons	100	30	20	1	11	8	18	13	9	7	3
6 persons	100	32	20	1	10	9	18	13	7	7	3
By age of operator:											
Under 35	100	30	21	--	11	10	16	14	8	6	5
45-54	100	31	19	2	10	7	18	14	8	7	3
65 and over	100	31	22	3	13	6	14	16	10	4	3
Education of operator:											
Under 9 years	100	32	19	2	9	8	17	15	8	5	4
9 years and over	100	29	22	2	12	8	17	13	9	7	3

1/ Survey of Farmers' Expenditures in 1955 by Regions adjusted for comparability with earlier surveys.
2/ Developed from the Study of Consumer Expenditures, Incomes and Savings--1950, U. S. Bureau of Labor Statistics and the Wharton School of Finance and Commerce, University of Pennsylvania, 1957.