

A SOCIAL SCIENCE RESEARCH CENTER STUDY

---

COLLEGE OF SOCIAL SCIENCES  
UNIVERSITY OF PUERTO RICO

*Saving among  
Upper-income Families  
in Puerto Rico*

ELEANOR E. MACCOBY

FRANCES FIELDER



1903-1953

---

UNIVERSITY OF PUERTO RICO PRESS

Other Publications of Research done in the  
Social Science Research Center

- Samuel E. Eastman and Daniel Marx, Jr., *Ships and Sugar, An Evaluation of Puerto Rico Offshore Shipping*. University of Puerto Rico Press, 1953.
- Paul K. Hatt, *Backgrounds of Human Fertility in Puerto Rico, A Sociological Survey*, 1952. Princeton University Press, 512 pages.
- Frances Horning, *El Ingreso Insular y la Economía Puertorriqueña*, (traducido por Antonio J. Colorado, basado en "The Net Income of the Puerto Rican Economy, 1940-44" por Daniel Creamer, y en "The Net Income of the Puerto Rican Economy, Fiscal Year 1939-40 to 1945-46" por Jesús Díaz Hernández) Centro de Investigaciones Sociales de la Universidad de Puerto Rico y Departamento de Instrucción, 1951. 74 pages.
- Harvey S. Perloff, *Puerto Rico's Economic Future, A Study in Planned Development*, 1950. University of Chicago Press and University of Puerto Rico. 435 pages.
- Lydia J. Roberts and Rosa Luisa Stefani, *Patterns of Living in Puerto Rican Families*, 1949. University of Puerto Rico Press. 411 pages.
- Caroline F. Ware, *Estudio de la Comunidad* (revised) 1952, Pan American Union, Washington, D. C. 162 pages.
- Eric Williams, Editor, *Documents on British West Indian History, 1807-1833 Select Documents From the Public Record Office, London, England, Relating to the Colonies of Barbados, British Guiana, Jamaica and Trinidad*, 1952. Trinidad Publishing Company. In cooperation with the Historical Society of Trinidad and Tobago. 486 pages.

Copyright 1953  
BY THE UNIVERSITY OF PUERTO RICO  
*All Rights Reserved*

COMPOSED AND PRINTED BY  
WAVERLY PRESS, INC.  
BALTIMORE, MARYLAND

## Table of Contents

	PAGE
LIST OF TABLES . . . . .	vii
INTRODUCTION . . . . .	xv
CHAPTER 1. Liquid Assets . . . . .	1
CHAPTER 2. Consumer Durables and Housing . . . . .	15
CHAPTER 3. Consumer Borrowing . . . . .	24
CHAPTER 4. Consumer Saving; 1950 . . . . .	31
CHAPTER 5. The Investor . . . . .	45
CHAPTER 6. The Business Man . . . . .	54
CHAPTER 7. The Consumer: Shopping Habits and Aspirations . . . . .	59
CHAPTER 8. Summary and Discussion of Findings . . . . .	68
APPENDIX A. Supplementary Tables . . . . .	76
APPENDIX B. Methodology . . . . .	138
APPENDIX C. Definitions of Terms . . . . .	144
APPENDIX D. Questionnaire . . . . .	145
INDEX . . . . .	159



## LIST OF TABLES

1. Liquid Asset Holdings of Spending Units with 1950 Incomes of \$2000 or More .....	2
2. Per Cent of Spending Units Holding Each Type of Liquid Assets .....	3
3. Preferences for Particular Forms of Liquid Savings .....	3
4. Reasons for Choice of Form of Liquid Savings .....	4
5. Reasons for Not Choosing Various Forms of Savings (given by those who do not choose these forms) .....	4
6. Potential Interest in Small-Denomination Insular Bonds .....	5
7. Median Holdings of Total Liquid Assets .....	7
8. Per Cent of Spending Units in Puerto Rico and the United States Having Each Form of Liquid Assets .....	8
9. Concentration of Liquid Asset Holdings .....	9
10. Change in Liquid Asset Holdings during 1950 .....	10
11. Amounts Added to or Withdrawn from Liquid Assets .....	11
12. Relation of Income to Change in Liquid Assets .....	11
13. Uses of Money Drawn from Liquid Assets .....	12
14. Uses of Funds Withdrawn from Liquid Assets .....	12
15. Planned Use of Savings in Banks and Bonds .....	13
16. Planned Use of Assets by Large and Small Holders .....	13
17. Purchase of Durable Items in 1950 by Spending Units with Incomes of \$2000 or More, and Amounts Spent .....	16
18. Per Cent in Each Income Group Who Purchased Durables (excluding car) in 1950 .....	17
19. Anticipated Purchase of Durables during Coming Year .....	18
20. Price of Car Purchased by Spending Units during 1950 .....	19
21. Anticipated Purchase of a Car .....	20
22. Ownership of Homes .....	20
23. Payments on Home Mortgage during 1950 .....	21
24. Anticipated Purchase of House or Real Estate during Coming year .....	22
25. Indebtedness of Puerto Rican Families with 1950 Incomes of \$2000 or More .....	25
26. Amount of Consumer Indebtedness in Each Income Group, End of 1950 .....	26
27. Consumer Indebtedness according to Type of Employment .....	27

28. Consumer Indebtedness according to Income, Occupation, and Type of Employment .....	27
29. Personal Loans during 1950 .....	28
30. Consumer Indebtedness among Spending Units in Puerto Rico and the United States with Incomes of \$2000 or More .....	28
31. Net Change in Consumer Indebtedness, End of 1949 to End of 1950 .....	29
32. Saving among Spending Units during 1950 .....	33
33. Income Saved or Dissaved among Spending Units .....	33
34. Relative Saving and Dissaving among Spending Units .....	34
35. Spending Units Reporting Additions to and Withdrawals from Savings in 1950 .....	35
36. Components of Aggregate Savings .....	37
37. Saving among All Puerto Rican and United States Spending Units with Incomes of \$2000 or More during 1950 .....	38
38. Changes in Consumer Debt and Liquid Asset Holdings among Spending Units with Incomes of \$2000 or More .....	39
39. Relation of Savings to Purchases of Durables (other than car) in 1950 .....	41
40. Method of Financing Durable Purchases (excluding car) in 1950 by Spending Units .....	41
41. Saving, End of 1950, among Price-Conscious Spending Units .....	42
42. Planned Uses of Additional Income .....	43
43. Saving among Those Giving Reasons for Providing for a Time When They Are Not Earning an Income .....	43
44. Per Cent of Spending Units Having Investment of Various Kinds .....	46
45. Types of Investment Preferred .....	47
46. Attitudes toward Various Kinds of Investment .....	47
47. Preferred Investments Ranked according to Safety and High Profits .....	49
48. Reasons for Preferring Investment in Puerto Rican Industry .....	50
49. Reasons for Preferring Investment in Industry outside Puerto Rico .....	51
50. Advantages and Disadvantages of Investment in Recent Puerto Rican Industries .....	51
51. Factors Determining Price-Setting .....	55
52. Anticipated Difference in Number of Customers if Prices Were Lowered .....	56
53. Kind of Food Store Preferred by Consumers .....	60
54. Consumer Preference for One Store or for Several .....	61
55. Reasons for Preferring One Food Store .....	62
56. Consumer Attitude toward Prices at Food Store Patronized .....	62

57. Consumer Attitude toward Shopping at Food Store Other than That Patronized .....	63
58. Consumer Preference for Same Brand of Canned Foods .....	63
59. Stated Preference for Buying in Installments or Paying Cash .....	64
60. Estimate of Optimum Income .....	64
61. Anticipated Uses of Additional Income .....	65
62. Anticipated Uses of Lottery Winnings .....	65
63. Characteristics of Spending Units in Puerto Rico with 1950 Incomes of \$2000 or More .....	76
64. Per Cent of Spending Units in Occupational, Age, Educational, and Size-of-family Groups Who Are in Each Income Class .....	78
65. Characteristics of Spending Units in Each Income Group .....	80
66. Comparison of Type of Employer and Age of Head of Spending Unit in Different Educational Groups .....	81
67. Characteristics of Spending Units in Each Class of Employment .....	81
68. Size Distribution of Holdings in Each Form of Liquid Assets .....	82
69. Per Cent in Each Occupational Group Having Each Form of Liquid Asset Holding .....	83
70. Reasons for Preferring Each Form of Liquid Assets by Those Who Do So .....	83
71. Attitude of People in Different Kinds of Employment toward Buying Insular Government Bonds .....	83
72. Characteristics of Spending Units Purchasing Durables (excluding car) in 1950 .....	84
73. Amount Spent for Durable Purchases in 1950 (excluding car) according to Occupation, Age, and Location .....	85
74. Income Groups Compared according to Method of Financing Durables (excluding car) Purchased in 1950 .....	86
75. Income Groups in Puerto Rico and the United States Compared according to Purchase of Durables (excluding car) in 1950 .....	86
76. Prospective Buyers of Durables (excluding car) during 1951 among Occupational and Income Groups .....	86
77. Per Cent of Spending Units with Incomes of \$2000 or More Owning a Car in Early 1951, and Year of Purchase .....	87
78. Per Cent of Spending Units among Different Income Groups Buying a Car in 1950 and Price of Car Bought .....	87
79. Method of Financing 1950 Car Purchases .....	87
80. Per Cent in Each Occupational and Income Group Expecting to Buy a Car in 1951 .....	88
81. Methods of Financing Purchase of Durables (excluding car) Planned by Those Who Expect to Buy in 1951 .....	88



82. Home Ownership among Different Income, Occupational, and Age Groups . . . . .	89
83. Value of Owner-occupied Houses among Different Income, Occupational, and Age Groups . . . . .	90
84. Per Cent of Those with Incomes of \$2000 or More who Bought their Home in 1950 and Price of House . . . . .	91
85. Amount Borrowed to Finance Purchase of Home in 1950 . . . . .	91
86. Per Cent of Spending Units with Incomes of \$2000 or More in Puerto Rico and the United States Purchasing a House in 1950 . . . . .	91
87. Rate of Interest Paid on Mortgage Loans to Finance Home Purchased in 1950 . . . . .	92
88. Debt-free Ownership of High-priced and Low-priced Houses . . . . .	92
89. Home Ownership among All Spending Units in Puerto Rico and the United States with Incomes of \$2000 or More . . . . .	92
90. Comparison of Value of Owner-occupied Houses in Puerto Rico and the United States . . . . .	92
91. Amounts Spent on Home Improvements in 1950 by Home Owners in Each Income and Age Group . . . . .	93
92. Per Cent of All Spending Units Making Payments on Home Mortgage Loans (principal) in 1950 . . . . .	93
93. Per Cent of All Spending Units Who Made Mortgage Payments on Real Estate of Any Kind in 1950 and Amount Paid . . . . .	94
94. Per Cent of Home Owners, in Puerto Rico and the United States with Incomes of \$2000 or More Having Mortgage Debt on Home . . . . .	94
95. Plans for Purchase of Real Estate during 1951 . . . . .	95
96. Estimated Amounts Prospective Buyers Plan to Invest in Home or Other Real Estate . . . . .	95
97. Amounts Prospective Buyers Plan to Borrow to Finance Real Estate Purchases . . . . .	96
98. Per Cent of Spending Units with Incomes of \$2000 or More in Puerto Rico and the United States Expecting to Buy or Build a House in the Next Year or So . . . . .	96
99. Per Cent of Spending Units Having Each Kind of Consumer Debt at End of 1950 and Amounts Owed . . . . .	96
100. Consumer Debt at End of 1950 according to Occupational Group . . . . .	97
101. Consumer Debt at End of 1950 according to Age Group . . . . .	97
102. Consumer Debt at End of 1950 according to Different Amounts of Liquid Assets Held . . . . .	98
103. Consumer Debt at End of 1950 in Large and Small Families . . . . .	98
104. Per Cent of Spending Units Purchasing Durables (excluding car) on the Installment Plan in 1950 among Income, Occupational, and Age Groups . . . . .	99

105. Amount Owed on All Installment Purchases at End of 1950 among Income, Occupational, and Age Groups .....	100
106. Method of Financing Durable Purchases (excluding car) by All Spending Units Having Some Liquid Assets Who Purchased during 1950 .....	101
107. Comparison of Income Groups in Puerto Rico and the United States according to Method of Financing Durables (excluding car) Purchased in 1950 .....	101
108. Total Amounts Spent for Durables (excluding car) Purchased on the Installment Plan during 1950 by Those Making Installment Purchases .....	101
109. Amounts Borrowed through Personal Loans during 1950 among Occupational and Age Groups .....	102
110. Per Cent of Spending Units among Income and Occupational Groups Making Payments during 1950 on Personal Loan Debt Incurred prior to 1950 .....	103
111. Amounts Owed on Personal Loans at End of 1950 among Income, Occupational, and Age Groups .....	104
112. Interest Rates on Personal Loans Paid by People in different Types of Employment .....	105
113. Comparison of Income Groups in Puerto Rico and the United States according to Net Change in Indebtedness in 1950 .....	105
114. Proportion of Total Consumer Debt Represented by Amount in Each Type at End of 1950 .....	105
115. Net Change in Consumer Indebtedness during 1950 among Income, Occupational, and Age Groups .....	106
116. Positive and Negative Saving by Spending Units in Each Income Group .....	108
117. Per Cent of Negative and Positive Savers and Per Cent of Income Saved or Dissaved among Spending Units in Each Income Group (\$2000 or more) in Puerto Rico and the United States ..	109
118. Characteristics of Positive and Negative Savers .....	110
119. Per Cent of Spending Units Having Positive, Negative, and Zero Saving for 1950 according to Occupation, Age, Education, and Location .....	111
120. Per Cent in Each Occupation, Age, Education, Size-of-family, and Urban or Rural Group Who Are "High," "Medium," or "Low" Savers within their Income Class .....	113
121. Per Cent of Spending Units in the United States (all income levels) Reporting Various Types of Additions to and Withdrawals from Saving .....	115
122. Per Cent of Spending Units in Puerto Rico in Each Income Group .....	

Who Made Additions to Saving in Each Form, and Per Cent Who Made Withdrawals from Saving in Each Form	116
123. Changes in Consumer Debt among Spending Units Having Positive or Negative Saving at End of 1950	116
124. Changes in Liquid Holdings in 1950 among Spending Units Having Positive or Negative Savings at End of 1950	116
125. Purchase of Durables (excluding car) in 1950 among Positive and Negative Savers	117
126. Saving among Spending Units Having Different Kinds of Consumer Expenditures in 1950	117
127. Saving, Relative to Income Group, among those Who Shop at Large Stores and Small Neighborhood Stores	117
128. Saving, Relative to Income Group, among those Who Would Use Lottery Winnings for Investment (or liquid saving), to Pay Debts, and for Consumption Expenditures	118
129. Attitude toward Providing for Future Income	118
130. Per Cent of Spending Units Owning Different Types of Real Estate (other than owner-occupied home)	118
131. Per Cent of Owners of Property (other than owner-occupied house) Who Bought Some Property during 1950	119
132. Per Cent of Spending Units with Incomes of \$2000 or More in Puerto Rico and the United States Who Own Real Estate other than own Homes	119
133. Per Cent in Each Income Group Who Have Some Kind of Non-liquid Investments and/or Liquid Asset Holdings of \$500 or More	119
134. Value of Business Interests among All Spending Units Having Full or Part Ownership in any Type of Business	120
135. Kind of Investment Preferred by Investors among Income and Employment Groups	120
136. Investors' Reasons for Preferring Particular Investments	121
137. Preferred Investments and Reasons for Investors' Preference	121
138. Investors' Opinions concerning Advantages or Disadvantages of Each Type of Investment	122
139. Preferred Investment Ranked by Investors according to Safety and Profits	122
140. Income Groups Compared according to Preference for Investment in Puerto Rican Industry or Investment Elsewhere	123
141. Puerto Rican Industries Ranked by those Who Prefer to Invest within Puerto Rico	123
142. Investors' Attitude toward Investment in Government-guaranteed Manufacturing Enterprises	123

143. Investors' Plans for Changing Ways of Investing their Money . . .	123
144. Factors that Might Alter Investors' Attitude toward Present Investments . . .	124
145. Reasons for Preferring Small-volume Business . . .	124
146. Reasons for Preferring Large-volume Business . . .	124
147. Reasons Given by Businessmen for Failure to Expand Business . . .	125
148. Factors Making Business Expansion Possible and Profitable . . .	125
149. Changes in Business Investments in 1950 . . .	126
150. Ways in which Business Owners Expanded their Total Investments in 1950 . . .	126
151. Plans of Business Owners to Increase Capital Investment in their Businesses . . .	126
152. Kind of Store at which Most Food Items Purchased by Spending Units in Income and Occupational Groups . . .	127
153. Reasons Given for Patronizing a Particular Store . . .	128
154. Reasons Given for Patronizing Large Stores or Small Stores by Consumers Who Do So . . .	128
155. Practice of Shopping at the Same Food Store among Income, Occupational, and Urban and Rural Groups . . .	129
156. Reasons Given for Buying Food Items at One Store by those in Income and Occupational Groups Who Do So . . .	130
157. Comparison by Income and Occupational Groups of Food Prices Where They Shop and Elsewhere . . .	131
158. Consumer Purchases of Canned (or frozen) or Fresh Vegetables . . .	132
159. Consumer Practice with Respect to Homemade or Ready-made Clothing . . .	132
160. Reasons for Preferring Homemade to Ready-made Clothing . . .	132
161. Reasons for Preferring to Finance Durable Purchases on the Installment Plan or to Pay Cash . . .	133
162. Consumer Opinion of Advisability of Purchasing Items Now or Waiting until Later . . .	133
163. Reasons Given for Buying Now or Postponing Purchases . . .	134
164. Amount of Income Needed, Relative to Present Income, according to Age Group and Size of Family . . .	135
165. Opinion among Income Groups as to Providing for Future . . .	136
166. Spending Units Having Additional Expenses in 1950 . . .	136
167. Make of Car Owned . . .	137

## LIST OF CHARTS

1. Relative Value of Houses in Puerto Rico and the United States . . .	22
2. Saving and Dissaving among Spending Units in Different Income Groups . . .	36



## INTRODUCTION

The major purpose of the present research is to study saving among high-income families in Puerto Rico. A related objective is to study some of the factors which determine whether or not saved money will be channeled into investment in new industry and expansion of existing industry.

Over the past few years, Puerto Rico has been attempting to find ways and means of raising the standard of living of its people and providing employment opportunities for a growing labor force. Increasing industrialization (by encouraging the establishment of new manufacturing plants) has been a major element in Puerto Rico's program of economic development. The factors affecting the growth of industrialization are, of course, extremely complex. The possibility of building and maintaining new industries depends, among other things, upon the balance of trade with the United States, population pressure, competitive activities of continental businessmen, and tax policies of the Insular Government. Such factors as these influence particularly the availability of capital for investment in new Puerto Rican industry. The present study deals with one circumscribed aspect of the total problem of industrialization: the development of local capital through individual saving.

While it is usually possible to obtain capital in continental money markets, there are disadvantages, both social and economic, to importing all the Island's capital, and the question arises as to whether it is possible to develop a local money market of significant proportions. Accumulation of pools of capital would require that some segment of the economy save. A large segment of Puerto Rican families, of course, have incomes so low that they cannot save significant amounts of money. But what about those with enough income to permit some saving—do they save as much as might be expected, by comparison, say, with people of similar income in the continental United States? Do they save in forms which make the accumulated money available for investment? Before policies can be developed to encourage the growth of a local money market, it appears necessary to do some fact-finding concerning the existing amounts and forms of savings, and it is for this reason that the Social Science Research Center of the University of Puerto Rico has undertaken the present study. It is hoped that the study may also provide information which will be useful in relation to some of the Island's other economic problems, but individual

savings as they affect the accumulation of capital for investment are the main focus of the study.

The study is based upon interviews with the heads of 630 families. All the families interviewed had incomes of \$2000 or more in 1950. Families were selected by the use of random sampling methods,<sup>1</sup> and nearly all the families who were asked to participate were willing to do so; hence it is possible to rely on the sample as being representative of all the higher-income families in the island. Interviewing was carried on primarily during March and April, 1951, by a staff of trained interviewers. Interviews were usually conducted in the homes of the respondents, and took from an hour to an hour and a half, on the average. For the questions on financial details, interviewers carried a printed form on which they recorded the relevant amounts. For questions in which the respondents were asked to express their opinions or attitudes, the interviewers recorded the respondents' remarks in a notebook, as nearly verbatim as possible, and these full answers were later categorized and tabulated.

After discussion with interested people in various departments of the Insular Government and in the University of Puerto Rico, Millard Hansen, Director of the Social Science Research Center, made preliminary plans for having the study done. Eleanor E. Maccoby,<sup>2</sup> Project Director, and Frances Fielder, Assistant Director, drew up detailed plans for the study, after consultation with economists, statisticians, and financiers in government agencies and elsewhere. Miss Fielder had full responsibility for the gathering of interview data in the field and for classifying the data into code categories in preparation for machine tabulations. Throughout these processes she had the invaluable assistance of Mrs. Isabel S. Guerrero, Research Assistant for the project, who played a major role in pretesting the interview schedule, selecting, training and supervising the interviewers, editing the schedule, developing the code, and training and supervising the coders.

Pedro Muñoz Amato, Dean of the College of Social Sciences, and Millard Hansen made important contributions to the planning and conduct of the study through their suggestions and criticisms, and assistance in carrying the research to its completion.

The authors wish to express their indebtedness to the following people for their advice and suggestions when the study was being planned: Mrs. Alicia C. Irizarry, Juan Labadie-Eurite, Harvey Perloff, Rafael Picó, Esteban A. Bird, Roberto Montavlo, Luis A. Nazario, Santiago Díaz Pacheco.

<sup>1</sup> For a detailed description of the sampling methods, see Appendix B

<sup>2</sup> Dr. Maccoby is Lecturer in The Department of Social Relations at Harvard University, and Research Associate in the Laboratory of Human Development at Harvard. She was formerly a Study Director at the Survey Research Center, University of Michigan, and worked on the surveys of consumer finances conducted by the Center for the Federal Reserve Board.

and Horacio M. Royo. Others, too numerous to be listed, helped in many ways, either in the planning or conduct of the study. We are especially grateful to Mrs. Irizarry and other staff members of the Insular Bureau of Labor Statistics for their cooperation and assistance in drawing the sample of families, and to Mrs. Irizarry for her personal participation in the interviewer training.

We are indebted to the Survey Research Center of the University of Michigan (and in particular to Rensis Likert, George Katona, Angus Campbell, and Roe Goodman) for the basic methods and concepts employed in the present research; these methods and concepts were developed during the series of studies conducted by the Center for the Board of Governors of the Federal Reserve System. We are also indebted to the Division of Research and Statistics of the Federal Reserve Board for their reports of the results of these studies, and particularly to Homer Jones, Irving Schweiger, and John A. Frechtling for their interest and cooperation in making available findings from the current United States survey to enable us to make comparisons with some of our major findings.

The authors are particularly grateful to the interviewers and coders for the skill and initiative with which they carried out their part of the study. The interviewers overcame great obstacles to locate the respondents and enlist their cooperation, and their success is attested to by the fact that they located and interviewed all but 5% of the people originally designated for interview.<sup>3</sup> They worked with enthusiasm and careful attention to details and thereby increased manyfold the dependability of the survey findings. The interviewers were Leida C. Aldahondo, Carmen C. Álvarez, Morilda Báez Murphy, Enilda L. Bobadilla, Edna V. Billoch, Alicia S. Capestany, Juan A. Carrillo, Laura C. Cuevas, Leticia Díaz Delgado, Manuela D. Gallardo, Corinne J. Jiménez, Abigail H. Langley, Irma R. Mora, Angel L. Rodríguez, Rosaura S. Rubio, Gilberto Torres Díaz, Aurea C. Valcárcel, and Candida Wiscovich.

The editing and coding work was done by Ileana P. Cordova, Carmen M. Cancio, Muna M. Rosado, Manuela D. Gallardo, Alberto Rives Sariego, Raúl Bocanegra Soldoña, and Ruth D. Fogleman. Their skill, careful attention to accuracy, and objectivity in judgment are reflected in an efficient and highly reliable categorization of the interview data. The quality of their work has thus enhanced considerably the extent to which a complete and dependable report of the survey findings was possible.

Juan Padín assisted in pre-testing the questionnaire, in training interviewers, and in the preliminary development of code categories. Grace Wyshak handled all the work of machine tabulations and computations in the analysis of the survey data.

<sup>3</sup> At 3% of the dwellings, no one could be found at home after repeated calls; at 2%, the occupants refused to be interviewed.





## CHAPTER 1

# LIQUID ASSETS

The central objective of the present research is to study the savings of Puerto Rican families with incomes of \$2000 or more. It was decided to confine the study to this "upper-income" group because people with incomes of less than \$2000 have very little opportunity to save, and cannot save in amounts sufficient to influence capital accumulation appreciably. Families with incomes of \$2000 or more constitute approximately 10 % of the families in Puerto Rico—a very different situation from that prevailing in the continental United States, where approximately 70 % of the families had incomes of \$2000 or more in 1950.

Chapter 4 will describe the net savings of these families, taking into account their additions to and withdrawals from the many different forms of savings. First, however, we will examine some of the major components of net savings. One of these is liquid assets.<sup>1</sup> For some people, bank accounts and holdings in government bonds represent the major forms of accumulated savings from years past, and their current additions to and withdrawals from these holdings are the major element in current saving or "dissaving." For other families, liquid assets are a minor element in the net savings picture. The present chapter will discuss total holdings in liquid assets and current changes in holdings as they affect current savings.

In Puerto Rico, slightly more than half of the spending units<sup>2</sup> with incomes of \$2000 or more have some amount of liquid financial reserves. The amounts held vary considerably, from a few dollars to more than \$10,000.

<sup>1</sup> Liquid assets, in this chapter, include holdings in savings accounts in banks, postal savings accounts, checking accounts, United States savings bonds, and cash reserves set aside as savings (not including pocket money). The value of holdings in bonds is computed at 83% of the maturity value, except for bonds purchased during the current year, which are computed at 75% of maturity value. In tables where comparison is being made with figures from the Survey Research Center studies for the continental United States, cash holdings have been excluded from the Puerto Rican figures, since they are not included in liquid assets in the SRC studies.

<sup>2</sup> A spending unit is a group of people who live in the same dwelling, are related by blood or marriage, and depend upon a common or "pooled" income for major living expenses. (See Appendix C, page 144)

TABLE 1. *Liquid Asset Holdings of Spending Units with 1950 Incomes of \$2000 or More*

Total liquid asset holdings	Per cent of spending units
None .....	43
\$1-\$99 .....	9
\$100-\$299 .....	9
\$300-\$499 .....	7
\$500-\$699 .....	6
\$700-\$999 .....	6
\$1000-\$2999 .....	12
\$3000-\$4999 .....	3
\$5000-\$5999 .....	2
\$10,000 or more .....	2
Holdings not ascertained .....	1
	100%

Savings or checking accounts in banks are the most common type of liquid asset holdings, with savings bonds and cash reserves being held by relatively few. Checking accounts are popular among the well-to-do and rare among those with incomes under \$4000. Savings accounts are less concentrated at any particular income level. Accumulation of cash as a form of saving occurs more commonly among the families of incomes between \$2000 and \$4000 than at the higher levels (see Table 2).

The median amounts<sup>3</sup> held in each form of liquid asset by those who have some holdings are as follows:

Savings accounts .....	\$310
Checking accounts .....	\$400
U.S. savings bonds .....	\$324
Cash savings .....	\$225

Preference for particular forms of liquid assets seems to be determined in part by an individual's occupation: if he is in business, he is more likely to use a checking account, which serves as a pool from which both family living expenses and many business expenses can be met. Businessmen in general are less likely to have savings accounts than are professional and clerical people. The professional people choose savings accounts and checking accounts about equally often, two fifths of them having each kind. People in clerical occupations prefer savings accounts and relatively seldom use checking accounts (see Appendix A, Table 69).

When people are asked directly what they consider to be the best form

<sup>3</sup> The size distribution of amounts held in each form is shown in Appendix A, Table 68.

in which to keep *liquid* savings, they express a more favorable attitude toward government bonds than would be indicated by their actual use of this form of savings. The question asked in this survey was put thus:

TABLE 2. *Per Cent of Spending Units Holding Each Type of Liquid Assets*

Type of liquid assets	1950 Income					All units \$2000 or more
	\$2000- 2999	\$3000- 3999	\$4000- 4999	\$5000- 7499	\$7500 or more	
Savings accounts (incl. postal savings).....	20	29	40	41	38	31
Checking accounts.....	6	18	41	56	68	30
U.S. savings bonds.....	3	10	14	25	24	12
Cash savings.....	10	14	5	5	10	10
Units having more than one of above types.....	31	54	71	81	85	57
Median amount held by those having some liquid assets...	\$300	\$300	\$350	\$800	\$1730	\$570

TABLE 3. *Preferences for Particular Forms of Liquid Savings*

Form of savings	Per cent of spending units
Bank account.....	52
Government bonds.....	31
Postal savings.....	10
Cash.....	5
Not ascertained.....	2*
	100%

\* About half of this group includes persons who could not make a choice among the alternative ways of keeping liquid savings and mentioned instead their preference for putting their money in non-liquid form (real estate, business investment, etc.). Some people who stated a preference for one of the alternative forms of liquid saving would probably have chosen real estate or corporation stocks if these alternatives had been included in the question. The purpose of the question was to determine preference among *liquid* forms of saving.

"Suppose a person has some money over and above what he needs for his expenses: what do you think is the best thing for him to do with it—put it in the bank, buy government bonds with it, put it in postal savings, or keep it in the form of cash?" The replies are seen in Table 3.

Banks and government bonds are both considered safe forms of savings by the people who choose them as a preferred form. However, banks are considered more convenient (liquidity of assets), while bonds are considered

more profitable. To some people the presumed fact that there is red tape involved in getting one's money out of bonds is considered an advantage because it increases the pressure against spending the money one has saved. For more people, however, the difficulties they believe they would en-

TABLE 4. *Reasons for Choice of Form of Liquid Savings*

Reasons	Banks† (Per cent of those who choose banks)	Bondst (Per cent of those who choose bonds)
Safe.....	63	56
Good returns on money.....	35	57
Convenient (easy to put money in or take it out).....	43	2
Patriotic (helps country).....	0	24
Promotes saving (not easy to get money out).....	4	14

† These columns add to more than 100% because many respondents mentioned more than one reason for their choice.

TABLE 5. *Reasons for Not Choosing Various Forms of Savings (given by those who do not choose these forms)*

Bank Account	Government Savings Bonds	Postal Savings	Cash
No interest, or too little interest..... 18%	Too difficult and/or takes too long to cash..... 24%	Too much trouble to take money out..... 27%	Not safe..... 59%
Not safe..... 12	Too difficult or too much trouble to keep bonds in safe place..... 3	Interest too low..... 9	No interest or dividends..... 4
Too easy to take money out..... 8	Need too much money at one time to buy bonds... 9	Too easy to take money money out..... 1	Too easy to spend..... 24
Not worthwhile for small amounts..... 2	No dividends, low interest. 5	Limit on amount one can put in too low... 3	Other reasons... 2
Other reasons... 7	Do not know about Government bonds..... 8	Too much trouble to put money in..... 2	No reason..... 4
No reason..... 51	Other reasons..... 3	Do not know about postal savings..... 7	Not ascertained 7
Not ascertained. 2	No reason..... 44	Other reasons..... 6	
100%	Not ascertained..... 4	No reason..... 41	
	100%	Not ascertained..... 4	100%
		100%	

counter in cashing bonds operate as a barrier against buying them. This conclusion is further documented by a study of the attitudes expressed toward the different forms of liquid assets by people who do *not* choose each form (see Table 5). The difficulty of cashing bonds ranks first as a reason for not choosing them. It is interesting to note that a fairly large number of people also believe that postal savings accounts have the same disadvantage: that it is inconvenient to get one's money out.

As we have seen, Puerto Ricans more often choose banks than govern-

ment bonds as a form of liquid savings. The opposite is true among upper-income families (those with incomes over \$3000) in the United States. The difference is probably due in part to the fact that in the United States there have been extensive bond campaigns, especially during the second world war, and that payroll deduction plans have given large groups of people experience with bonds who had never had experience with any form of securities before. In Puerto Rico this widespread experience is lacking. There seems, however, to be a favorable attitude towards bonds as a form of saving which creates a potential for future bond sales, should bond campaigns be undertaken.

TABLE 6. *Potential Interest in Small-Denomination Insular Bonds*

Attitude	Per cent of spending units	
Would buy		74
Good way to save—safe, good return on money.....	53	
Buying bonds would help the country.....	18	
No reason given.....	3	
Would buy under certain conditions: if method convenient, if money used for public good, etc.		2
Would not buy		20
Do not have enough money, need money for other expenses.....	6	
No confidence in how Government would use money.....	4	
Other investments are preferable.....	3	
Not safe.....	3	
No reason given.....	4	
Not ascertained.....		4
		100%

There has been some discussion of the possibility of issuing small-denomination insular bonds for local purchase by individual families. What is the likelihood that people would buy such bonds? In answer to the question, "If the Insular Government issued small-denomination bonds that pay interest, do you think you would want to purchase some of these bonds?" a large majority expressed an interest in buying them (see Table 6).

It is interesting that there is so little feeling expressed that other investments would be preferable, considering that real estate and business investments are generally regarded very favorably, as will be seen later. Of course the question did not specify how much interest the bonds would pay, and possibly some people assumed, in answering the question, that the interest rate would be high enough to compete with other investments. The chances are, however, that most people assumed that the bonds would be similar

to those issued by the United States Government in interest rate and other characteristics, and if this is so, it appears that insular bonds might compete successfully with investments which often produce a higher return.

While it has been possible in the past for individuals to earn relatively high rates of interest on their money (8%–10%) by lending it out in small individual loans, this avenue of investment is likely to shrink as low-interest loans become more widely available to borrowers (for example, the government loan fund available to government employees). And while real estate investment has frequently proved more profitable than government bonds would be, the amounts of money required for down-payment on property are fairly large and may become larger, so that people must save in some other form, such as bonds, before they are in a position to buy real estate. In a sense, then, bonds may appeal to buyers not as an *alternative* to real estate investment, but as a supplement or preliminary step to the purchase of property. All these considerations mean that people are interested in buying insular bonds despite the fact that other forms of investment have offered the possibility of higher earnings. The favorable attitudes toward insular bonds are partly based on the belief that they would be safer than many other forms of investment. Furthermore, it is felt that in buying them an individual could have his money where it would benefit Puerto Rico at the same time that it was earning income for the holder. A substantial number of people said first that insular bonds would be a good form of saving and then mentioned that it would be patriotic to buy them—these people do not appear as part of the 18% listed as giving patriotic reasons in Table 6, since only the first reason given appears in this table. This means that the total volume of patriotic comment is considerably greater than the 18% would indicate.

It must not be assumed, of course, that all the people who said they would be interested in insular bonds actually would buy them if they were offered for sale. There would be competing demands for income, and many would undoubtedly feel that they could not afford to buy if an actual opportunity arose to do so. Nevertheless, a substantial potential market is indicated by the responses shown in Table 6. A favorable attitude toward insular bonds is found just as often among self-employed people (businessmen and professionals in private practice) as among salaried people working for private business or government (see Appendix A, Table 71). In general, all groups in the community appear to be favorably disposed toward insular bonds.

We have seen something about the number of people who hold the different kinds of liquid assets, and the amounts they hold. How does the liquid asset situation of Puerto Rican families compare with that of families with similar incomes in the United States? As Table 7 shows, families in Puerto Rico have considerably smaller accumulations of liquid assets.

The fact that Puerto Rican families have much smaller amounts saved in the form of liquid assets than their continental counterparts may to some extent reflect differences in past income level. If the head of a Puerto Rican family at the \$5000 income level has attained this level only recently, he has not had the opportunity to amass as many assets as a Continental who had reached the \$5000 income level much earlier. Another factor undoubtedly is that Puerto Ricans tend to prefer other forms of saving such as real estate. This preference will be discussed later.

Proportionally there are considerably more Puerto Rican families who have no liquid assets in any form than families of similar incomes in the United States. When particular types of liquid assets are considered, the greatest difference between the two groups is found in holdings of United States Government savings bonds. In the United States, this is a very popular form of saving, while in Puerto Rico it is rare: there are nearly

TABLE 7. *Median Holdings of Total Liquid Assets\**

1950 Income	Puerto Rico, including cash	Puerto Rico, excluding cash	Continental U. S., excluding cash
\$2000-\$2999 .....	0	0	\$190
\$3000-\$3999 .....	\$11	0	\$250
\$4000-\$4999 .....	\$175	\$135	\$530
\$5000-\$7499 .....	\$606	\$600	\$1000
\$7500 and more .....	\$1100	\$1000	\$3860

\* Median computed on the basis of all cases in the income class, including those who have no liquid assets.

five times as many bond-holders in the United States as in Puerto Rico among private families in the \$2000-or-more income bracket. (See Table 8.)

Checking or savings accounts are much more common among United States families than among Puerto Rican, although the difference is not so great as with respect to bonds. It is not possible to compare the popularity of cash as a form of liquid asset holdings since the United States studies do not include cash. There is reason to believe, however, that this form of saving may be more common among families in Puerto Rico. Ten per cent report some accumulation in the form of cash other than what is used for current spending. A small group (6%) express the belief that banks are not safe places to keep money, and this may be a factor influencing a few people to keep their money within physical reach. Furthermore, in areas of the Island where transportation to banks is inconvenient, cash is likely to be kept for unexpected needs. The majority do express the feeling that cash is not a safe form in which to keep savings because of the danger of theft but there remains a group who prefer it, either because of its con-



venience or because of the weight of tradition and suspicion of more modern forms of saving.

It is interesting to raise the question whether liquid asset holdings are more or less concentrated in Puerto Rico than they are in the United States. Unfortunately, the fact that the present study covers only the top ten per cent of the Puerto Rican income distribution makes comparisons difficult. It is possible, however, to compare the concentration of liquid asset holdings within the segment of each population with incomes of \$2000 or more. When this is done, it appears that there is little difference in concentration at the upper end of the scale, but some difference at the lower end (Table 9).

TABLE 8. *Per Cent of Spending Units in Puerto Rico and the United States Having Each Form of Liquid Assets\**

Income group	Checking accounts		Savings accounts†		United States savings bonds		Some liquid assets‡	
	Puerto Rico	United States	Puerto Rico	United States	Puerto Rico	United States	Puerto Rico	United States
\$2000-\$2999 .....	6	28	20	42	3	42	23	65
\$3000-\$3999 .....	18	37	29	51	10	48	45	78
\$4000-\$4999 .....	41	48	40	52	14	58	71	87
\$5000-\$7499 .....	59	71	41	60	25	64	79	94
\$7500 and more .....	68	92	38	64	24	78	82	99
All spending units with incomes of \$2000 or more ....	30	48	31	52	12	55	51	81

\* The figures for the continental United States are taken from the 1949 survey of consumer finances, and represent holdings in early 1949. The figures are not directly comparable, since they are taken at time periods two years apart.

† Including postal savings.

‡ For this table, total liquid asset holdings do not include cash holdings.

It must be borne in mind that the figures in the above table are based upon approximately 70 % of all spending units in the United States, and upon only 10 % of Puerto Rican spending units. Nevertheless the table shows that the highest income bracket holds about the same proportion of the total liquid assets in Puerto Rico as it does in the United States, relative to the proportion of all spending units that are found in the bracket. Thus, the highest income bracket has 9 % of the spending units and 32 % of the liquid assets in the United States—a ratio of about  $3\frac{1}{2}$  to 1. And in Puerto Rico, the highest bracket has 14 % of the spending units and 51 % of the assets—again a ratio of about  $3\frac{1}{2}$  to 1. At the lower end of the scale, the picture is somewhat different. The \$2000-\$3000 bracket holds a much smaller proportion of the total liquid assets (relative to the number of

families in the bracket) than it does in the United States. Do these figures provide any basis for estimating what the concentration of assets would be if data were available over the entire income range? Judging from the very rapid falling-off in holdings at the \$2000-\$2999 level in Puerto Rico, holdings at the next lower brackets are likely to be very small indeed, and this would argue for a somewhat greater concentration in Puerto Rico. Another approach to the question is to prepare an estimate of the total amount of bank deposits held by families of \$2000 income or more. This can be done by multiplying by 70<sup>4</sup> the total amount of liquid assets owned by all families in the sample. The amount thus obtained may then be compared with the total amount of bank deposits reported in the fiscal statements of Puerto Rican banks. While this procedure is very rough, it

TABLE 9. *Concentration of Liquid Asset Holdings*

Income	United States*		Puerto Rico	
	Per cent of spending units	Per cent of total holdings	Per cent of spending units	Per cent of total holdings
\$2000-2999 .....	27	13	33	5
\$3000-3999 .....	27	14	25	14
\$4000-4999 .....	17	14	12	9
\$5000-7499 .....	20	27	16	21
\$7500 or more .....	9	32	14	51
	100%	100%	100%	100%

\* United States figures have been recomputed to exclude the holdings of those with incomes under \$2000.

does indicate that the group included in the sample (the 10 % of Puerto Rican families who have the highest incomes) hold a considerably larger proportion of bank deposits than the 10 % with highest incomes do in the United States. The fragmentary evidence which is available therefore suggests that, in Puerto Rico, liquid assets are more highly concentrated in the hands of the highest income level than is true in the United States. How much more concentrated cannot be determined from the evidence at hand.

We have seen that approximately half the spending units in Puerto Rico have some form of liquid assets—fewer than in the United States—and that people who do have liquid assets have, on the average, between \$500 and \$600 in total holdings, which is a small amount by comparison with average United States holdings. Is this picture a relatively stable

<sup>4</sup> The sample included every 70th family in the income brackets being studied.

one, or are there substantial changes going on at present in the number of people accumulating liquid assets and the amounts they are accumulating?

This question would best be answered, of course, by a series of studies spaced several years apart. But some light can be thrown on the problem by examining the changes in liquid asset holdings which occurred during 1950, the year covered by the present study. In general, it appears that while there is considerable activity in making additions to and withdrawals from liquid assets, there is little net change in the number of holders.

TABLE 10. *Change in Liquid Asset Holdings during 1950*

Net change in total liquid asset holdings	Per cent of spending units	
Increase.....		23
Initiated liquid asset holdings in 1950.....	5	
Had some at beginning of 1950.....	18	
Decrease.....		28
Exhausted liquid asset holdings in 1950.....	7	
Had some liquid asset holdings at the end of 1950..	21	
No change.....		48
Had some liquid assets.....	11	
Had none at beginning or end of 1950.....	37	
Change not ascertained.....		1
		<hr/> 100%

There is considerable variation in the amounts added to or withdrawn from liquid assets. Table 11 indicates that there were slightly more people decreasing than increasing liquid assets in 1950. The table also suggests that the amounts withdrawn outweighed the amounts added to liquid assets, taking the sample as a whole, so that the net holdings of the income classes represented by this study declined during 1950.<sup>6</sup>

At every income bracket a considerable group were found who reduced their liquid asset holdings in 1950 (see Table 12).

<sup>6</sup> This finding should be interpreted with caution. In the studies done in the United States, it has been found that people consistently overestimate the amount of liquid assets they possessed a year earlier. Therefore, when their present holdings are compared with their recollection of the holdings a year earlier, there is a constant error in the direction of overestimating the *decreases* in liquid assets. It is likely that the same kind of memory error would be found in Puerto Rico, to some degree, although whether the error is larger or smaller than in the United States is impossible to estimate from the data at hand. Considering that the difference between the number of people reporting increases and the number of people reporting decreases in their liquid assets is small, the entire difference could be due to memory error. It is quite possible that there was in fact no net decline in liquid assets and that as many people added to their assets as withdrew from them.

It is interesting that there is so little relationship between an individual's income level and the likelihood that he will reduce or increase his liquid assets. In the United States, high-income people consistently add to their liquid assets, and low-income people consistently draw upon them. Possibly the reason for the difference may be found in the fact that people in the \$2000-\$4000 bracket in Puerto Rico less often have liquid resources upon

TABLE 11. *Amounts Added to or Withdrawn from Liquid Assets*

Net change	Per cent of spending units
Increase \$1000 or more	5
Increase \$500-\$999	4
Increase \$200-\$499	6
Increase \$1-\$199	8
No change	48
Decrease \$1-\$199	6
Decrease \$200-\$499	10
Decrease \$500-\$999	6
Decrease \$1000 or more	6
Change not ascertained	1
	100%

TABLE 12. *Relation of Income to Change in Liquid Assets*

Change in liquid assets	1950 Income				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Increase	12%	26%	25%	34%	28%
No change	66	53	28	32	39
Decrease	22	21	47	34	33
	100%	100%	100%	100%	100%
Median change (of those whose holdings changed)	-\$163	\$31	-\$167	-\$3	-\$101

which to draw; moreover, Puerto Rican families with higher incomes tend to put their money into other forms of savings instead of using it to increase liquid assets.

For what purposes did people use the money they drew out of liquid assets? For the most part, the money appears to have been used for consumption, although a small group transferred the money to other forms of savings—that is, to investment in real estate or business enterprises (see table 13).

Compared with families in the United States, Puerto Ricans less often

draw upon their liquid assets to meet medical expenses. They are also less likely to use liquid assets for the purchase of durable goods. As will be seen in Chapter 3, Puerto Rican families very frequently borrow money for these purposes, and it is likely that borrowing takes the place of the use of assets. Of course, many Puerto Rican families in the income bracket of \$2000-\$4000 have no liquid assets, and they are more often forced to borrow if emergency expenses arise.

TABLE 13. *Uses of Money Drawn from Liquid Assets*

Uses	Per cent of spending units who reduced liquid assets*
Purchase of durable goods.....	15
Medical expenses.....	14
Travel (vacation or study).....	16
Living expenses.....	16
Payment of debts or taxes.....	8
Purchase of real estate, or capital improvements on property.....	18
Investment in business or farm.....	13
Other.....	18
Not ascertained.....	5

\* This table adds to more than 100% because some people mentioned more than one purpose for which the money was used.

TABLE 14. *Uses of Funds Withdrawn from Liquid Assets*

Uses	Amount Withdrawn*	
	Less than \$500	\$500 or more
Investment.....	22%	38%
Consumption.....	74%	59%

\* These columns do not add to 100% because uses of liquid assets which could not be classified as investment or consumption were excluded.

When one considers the *amounts* by which liquid assets are reduced, it appears that people who use large amounts of their liquid assets are somewhat more likely to use the money for investment than the people who use only small amounts (see table 14). Thus the amounts of money being transferred from liquid to non-liquid forms of savings are greater than would be indicated by Table 13 alone. However, even those who used large amounts of their liquid assets generally used the money for consumption, so that even when the amounts involved are considered the conclusion from Table 13 is supported, namely: that when money was drawn out of liquid assets in 1950, it went primarily into consumption and not into investment. It

should be borne in mind, however, that a majority of holders did not reduce their holdings for any purpose in 1950; consequently a majority of those who were in a position to use their liquid assets for consumption in fact did not do so.

In general it should be emphasized that the families who have liquid assets do not intend to use them for immediate consumption. When asked

TABLE 15. *Planned Use of Savings in Banks and Bonds*

Anticipated uses	Per cent of those having some liquid assets
Current living expenses	14
Purchase of durable goods	2
Payments of debts or taxes	4
Purchase of home or other property	12
Repairs or additions to property	2
Investment in business or farm	7
Education (of children or self)	5
Other (travel, moving, old age)	11
Retention in liquid form	19
None	24
	100%

TABLE 16. *Planned Use of Assets by Large and Small Holders*

Anticipated uses	Amount of liquid assets held*		
	\$1-499	\$500-999	\$1000 or more
Consumption	25%	30%	21%
Investment	8	25	30
Retention in liquid form	22	22	16

\* These columns do not add to 100% because some plans for use of assets which could not be easily described as consumption, investment, or keeping in liquid form were not included in the table.

what their plans were for the use of liquid assets only about one fourth of the holders mentioned consumption expenditure and most people replied in terms of long-range goals (see Table 15).

Presumably, a good many of those who have no plans for the use of their liquid assets will simply leave them in their present form. Including this group, then, we see that nearly three fourths of the holders of liquid assets plan to keep their assets for long-range uses, or to reinvest them, either by buying land or by investing in business enterprises. The people

who do plan to reinvest are, in general, the people with the largest holdings in liquid assets (see Table 16).

It appears, then, that the largest holdings of liquid assets are the least likely to be held in this form over a long period of time. This does not necessarily mean that the net holdings will decline: while some large holders draw out their money to make down-payments on houses, for example, others will be building up their liquid assets in order to be able to buy houses later on. But the findings do suggest that for some people, especially large holders, liquid assets are considered a relatively temporary repository of money. This does not mean that liquid assets are "hot money" in the sense that any large proportion will be spent rapidly for consumer goods—the opposite is true. But a considerable amount of money is likely to move through liquid forms into non-liquid investment.

## CHAPTER 2

# CONSUMER DURABLES AND HOUSING

Purchase of a house, car, furniture, refrigerator, or other major items represents fairly large allocations of a family's present or future income, and often involves drawing upon previously accumulated assets. Housing is perhaps in a special category, since it combines some of the features of both consumption and savings. While it is true that durable goods (particularly cars) have some function as an asset, in the sense that they have some re-sale value, their primary function is one of current consumption, and they depreciate rapidly. Houses, on the other hand, depreciate slowly (or may even appreciate in inflationary times), and constitute an asset which may be transformed into liquid reserves or used as security for a loan; at the same time, a house is a consumption item, since it provides shelter, saves the owner outlays for rent, and may serve certain status-giving functions as well.

The present chapter is devoted to the ownership and purchase of major consumer items, including houses. Real estate (houses not occupied by the owner, lots, etc.) which is held primarily for investment will be considered in a later chapter.

### *Consumer durables other than cars<sup>1</sup>*

The volume of consumer purchases of major household items such as furniture, refrigerators, radios and other electrical appliances appears to have been fairly high during 1950. Half of all families with incomes of \$2000 or more purchased some items. About half of all buyers purchased two or more items and about one third of the buyers spent \$500 or more in total purchases. Low-income families bought some durables (at least one item) as commonly as did high-income families, despite the difference in ability to pay for them.

As is seen in Table 17, the high-income families who do purchase durables buy a somewhat greater number of items, on the average, than the low-income families; they also spend larger total amounts. However, at least one third of the low-income families who bought household durables purchased two or more items. Low-income families usually resorted to the use

<sup>1</sup> For a definition of consumer durables, see Appendix C, page 144.



of installment credit to finance durable purchases (Appendix A, Table 104).

The sample of families is not large enough to permit study of the different kinds of durables purchased, or of the number of families acquiring such items for the first time and the number buying replacements. While the purchase of some durables is equally common at all income levels, it is very probable that the particular kind or class of durables bought is related to the family's income level and the stability of this income level over the pervious year or so.

TABLE 17. *Purchase of Durable Items in 1950 by Spending Units with Incomes of \$2000 or More, and Amounts Spent*

Number of items	1950 Income					
	All units \$2000 or more	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
One .....	27%	30%	28%	34%	19%	15%
Two .....	16	12	20	9	17	24
More than two .....	11	6	9	17	20	16
None .....	46	52	43	40	44	45
	100%	100%	100%	100%	100%	100%
Total amount of purchases						
\$500 or more .....	14%	7%	14%	17%	22%	24%
\$1-499 .....	40	41	43	43	34	31
None .....	46	52	43	40	44	45
	100%	100%	100%	100%	100%	100%

Comparing the purchase of durables (other than cars) in the United States and in Puerto Rico, we find that in the two localities almost the same proportion of families with incomes of \$2000 or more bought some household durables in 1950.<sup>2</sup> The pattern of buying among different income

<sup>2</sup> Larger numbers of consumers in the United States purchased household durables in 1950 than in any previous postwar year; increases occurred primarily among families with incomes of \$5000 or more. Purchases of television sets and washing machines increased, while purchases of other items either remained the same or declined slightly. (See *Federal Reserve Bulletin*, July 1951, "Purchases of Durable Goods and Houses in 1950.") Whether similar increases in the number of purchasers occurred in Puerto Rico cannot be determined in the absence of comparable data for purchases in previous years. However, since anticipatory buying or market response to new models would be expected to occur primarily at the highest income levels, it appears that at least some of the factors responsible for the spurt of buying in the United States may not have been reflected in purchases in Puerto Rico.

levels in the two groups, however, is considerably different. In the United States high-income families (\$5000 or more) buy durables more often than the lower income families, and in 1950 this difference was especially marked.

The fact that there is so little difference in the relative number of Puerto Rican families at different levels who buy durable goods (in marked contrast to what occurs in the United States) raises some interesting questions. Why do the high-income families in Puerto Rico (\$7500 or more) tend to buy durables less often, while, at the lower end of the scale, we find a much greater percentage of Puerto Rican families buying durables than in the United States?

The failure of the Puerto Rican families at the upper end of the income scale to buy durables as frequently as families of similar income in the United States may reflect several phenomena. First of all, as will be seen

TABLE 18. *Per Cent in Each Income Group Who Purchased Durables (excluding car) in 1950*

1950 Income	Puerto Rico	United States
\$2000-\$2999 .....	48	34
\$3000-\$3999 .....	57	51
\$4000-\$4999 .....	60	51
\$5000-\$7499 .....	56	59
\$7500 or more .....	55	65
All income groups .....	54	49

later, Puerto Ricans buy higher-priced cars, which leaves less money for household durable items. Furthermore a good many people, particularly at the upper income levels, spend fairly large sums for travel and education abroad; the Island has many cultural and commercial contacts with the continental United States, South America, and Europe and to maintain these involves expensive travel. The money so employed is of course not available for expenditures on consumer goods. Another factor is that some kinds of durables commonly purchased by high-income families in the United States, are not available or not in demand in Puerto Rico. Television sets are a good example of this: they accounted for a substantial proportion of the durables bought in the United States in 1950.

Why are there relatively so many more low-income families in Puerto Rico who buy durables than in the United States? The data in the present study do not provide a definitive answer to this question but possible explanations are suggested. Puerto Rican families make much more frequent use of installment credit than do families in the United States (see Appendix A, Table 106) and, as will be discussed later, they are more likely to have current consumer debt than families in the United States. It is possible that the fear of going into debt prevents many low-income

families in the United States from buying durables. Another possible factor is that the "low-income" group in the present study are, after all, part of the upper 10 % in Puerto Rico, as far as income is concerned, and it is not unlikely that they feel a need to maintain a higher standard of living than would be the case if they felt themselves to be members of a "working class" group.<sup>3</sup> As will be seen later, the Puerto Rican families with incomes of \$2000-\$3000 have a considerably higher economic aspiration, relative to their present income, than the high-income families have, which suggests a greater feeling of pressure to attain a higher standard of living at this lower income level.

What is likely to happen to the volume of purchasing of consumer durables (other than cars) in the near future? When asked directly about their plans for the coming year, only about a fourth of the families said they

TABLE 19. *Anticipated Purchase of Durables during Coming Year*

	Per cent of spending units
Definitely expect to buy.....	23
Probably will buy.....	2
Will not buy.....	75
	100%

planned to buy some large durable item (such as furniture, a radio or refrigerator)—a considerably smaller number than bought in 1950.

How indicative are these plans of the actual volume of buying which may be expected? Buying plans may change, of course, due to unexpected price changes, income changes, breakdown of items currently in use, new models, expected shortages, and so on. The experience of studies made in the United States indicates that consumers usually underestimate by a considerable margin the number of durables they will buy during the coming year. It is risky to apply the ratio of planned to actual purchases in the United States directly to Puerto Rico, for there are probably some important differences in local factors affecting changes in consumer plans. For example, buying to replace worn-out durables may be lower in Puerto Rico. Probably there is also a longer time lag in the introduction of new models and new items on the market: for example, television is not yet available to Puerto Rican families, and this item alone undoubtedly accounted for a sizeable amount of unplanned purchasing in the United States.

<sup>3</sup> The Puerto Rican population at income levels of \$2000 or more is predominately a "white collar" group while in the United States almost half of the population in the same income group are "laboring" people.

*Automobiles*

About two fifths of Puerto Rican families with incomes of \$2000 or more own a car.<sup>4</sup> This is a very much lower frequency of ownership than in the United States, where over two thirds of families above the \$2000 level have a car. This difference is further reflected in the volume of car buying during 1950: 15 % of such families in Puerto Rico bought cars, while in the United States 27 % did so.

As might be expected, the Puerto Rican families who bought cars in 1950 were concentrated among the upper-income brackets (see Appendix A, Table 78). The median price paid was just over \$2000.

The prices Puerto Ricans pay for cars appear to be high by United States standards. The median price paid for all cars (new and used) in the United States in 1950 was \$1420, while the median amount paid by families in Puerto Rico with incomes of \$2000 or more was approximately \$2000.<sup>5</sup>

TABLE 20. *Price of Car Purchased by Spending Units during 1950*

Purchase price	Per cent of buyers*
Less than \$1000 .....	25%
\$1000-1999 .....	21
\$2000-2999 .....	30
\$3000 or more .....	24
	100%

\* Includes buyers of both new and used cars.

These figures may mean that Puerto Ricans buy luxury models of cars more often than people in the United States with similar incomes. On the other hand, they may simply reflect higher car prices and excise taxes in Puerto Rico. There is some indication, however, that more than a difference in price level is involved: the families in the present study were asked what make of car they own. Only one fourth own a Ford, Chevrolet, or Plymouth. The majority own higher-priced makes, such as Pontiacs, Buicks, Oldsmobiles, Dodges, and DeSotos, and 8 % have Cadillacs or Lincolns.<sup>6</sup> Very few of all spending units owning cars own more than one car.

<sup>4</sup> Excluding trucks, pick-ups, and public cars except in those cases where a personal family car is also used as a public car.

<sup>5</sup> These medians are not directly comparable, since the United States figure includes families with incomes under \$2000. However, this low-income group constitutes only a little over 10% of all United States car-buyers, and consequently it is unlikely that the median price paid for cars would be as high in the United States as in Puerto Rico if the below \$2000 group were excluded.

<sup>6</sup> Polk Agency figures for new car sales in 1950 and 1951 indicate that in the United States, Chevrolets, Fords, and Plymouths have about half the market, while Cadillacs and Lincolns have about 5%.

About the same number of families expect to buy a car in the next year or so as bought during 1950. Experience with studies in the United States has shown, however, that more people will probably buy during a given year than plan to buy at the beginning of that year. In fact, in 1950 in the United States, there were approximately twice as many buyers as people who expected to buy the year before.<sup>7</sup> If the same factors govern expected buying in Puerto Rico, we should suppose that over 20 % will buy cars in 1951—an increase over the volume of car-buying in 1950. However, there have been increases in car prices since this survey was made and shortages of material are developing which may affect the availability of cars, so that the anticipated increase in the purchase of cars may not take place.

Most of those who plan to buy a car expect to use installment credit to finance it (Appendix A, Table 80).

TABLE 21. *Anticipated Purchase of a Car*

Expect to buy.....	13%
Do not expect to buy.....	86
Don't know.....	1
	<hr/> 100%

### *Purchase and ownership of houses*

About half of all the families in Puerto Rico with incomes of \$2000 or more own the houses in which they live. About one third pay rent.

TABLE 22. *Ownership of Homes*

Owns home.....	55%
Pays rent.....	35
Neither owns home nor pays rent.....	10
	<hr/> 100%

A small group (10 % of the home owners, 5 % of the entire sample) bought or built houses in 1950. While the study includes too few cases of recent house-buyers to provide stable figures on the prices paid or the methods of financing, it may be of some interest to summarize qualitatively some of the details of the transactions which were reported. The houses purchased were either high-priced (over \$10,000) or low-priced (under \$5000); no prices in the middle range were reported. A few purchasers were

<sup>7</sup> The increase cannot be attributed in any significant degree to scare buying resulting from the Korean war, for about the same ratio of planned to actual buying was found in earlier years.

able to pay cash for their houses, but most borrowed and those who did borrow usually borrowed at least three fourths of the purchase price. Several buyers, in fact, borrowed 100 % of the price: presumably, they took out an ordinary mortgage and then borrowed the down-payment from other sources. The interest rates paid were relatively low: usually under 5 %.

Nearly two thirds of the home owners own their homes debt free (see Table 23).<sup>\*</sup> Owning one's home free of debt is more common in Puerto Rico than it is in the United States, where approximately half the home owners have some mortgage debt on their houses. In Puerto Rico, it is most often the owners of low-priced houses (\$5000 or less) who own their houses debt free, and the fact that there are more low-priced houses in Puerto Rico than

TABLE 23. *Payments on Home Mortgage during 1950*

	Per cent of home owners	
Made payments on loan principal* . . . . .		35
Amount of payments		
\$199 . . . . .	16	
\$200-299 . . . . .	7	
\$300-999 . . . . .	9	
\$1000 or more . . . . .	2	
Made no mortgage payments . . . . .		64
Not ascertained . . . . .		1
		<hr/> 100%

\* Does not include lump-sum repayments made in the process of selling a house.

in the United States among the income group being considered may account for the fact that a higher proportion of the families are able to pay the entire cost of the house. As might be expected, high-income families more often own their homes than lower-income families, and while the majority of the high-income families own homes valued at \$10,000 or more, the value of the homes owned by families with incomes below \$5000 is considerably less (Appendix A, Tables 82 and 83). There is little difference in home ownership among people in different kinds of occupations; however younger people much less frequently own their home than older people.

Home ownership is as frequent in Puerto Rico as it is in the United States among families of \$2000 income or more. When one considers the

<sup>\*</sup> The assumption is that if a family made no payment on a home mortgage in 1950 they did not owe money on the house. There may be a few cases in which there was a debt but no payment was made, as for example if a person bought in late 1950 and had not made the first payment on the loan. In general, however, payments must be made regularly on home mortgages.

value of the homes owned (as estimated by their owners<sup>9</sup>), however, an interesting difference between Puerto Rico and the United States emerges: in the United States there are a large number of "middle-priced" homes (between \$5000 and \$10,000), while in Puerto Rico there are relatively few such homes; the owners tend to have either high-priced or low-priced homes. The situation is shown graphically in the following chart.

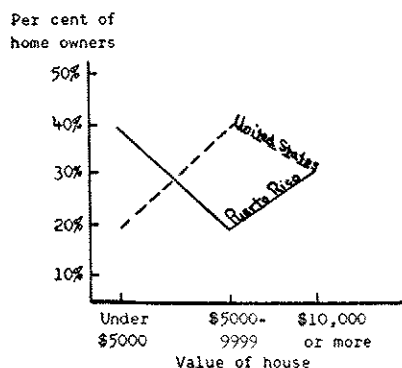


CHART 1. Relative Value of Houses in Puerto Rico and the United States

TABLE 24. *Anticipated Purchase of House or Real Estate during Coming Year*

Purchases	Per cent of spending units
House (purchase or build)*	13
Land (including farm property)	2
Real estate (kind not specified)	4
None	80
Not ascertained	1
	100%

\* May include some prospective buyers who will buy a house for investment purposes; however in view of the proportion of home owners as compared with owners of non-occupied houses at least 10% can be expected to buy for their own occupancy.

It is difficult to evaluate these findings in terms of the adequacy of housing in Puerto Rico. Differences in climate mean that it should be possible (other things being equal) to construct a house meeting the basic requirements at lower cost in Puerto Rico than in most parts of the United States. On the other hand, land costs are very high in Puerto Rico. It cannot be assumed that the large group of Puerto Ricans who own houses valued at less than \$5000 are all inadequately housed, as a first comparison

<sup>9</sup> Owners were asked: "Could you tell me what the present value of your home is—I mean, about what would it bring if you sold it today?"

with the United States figures might suggest, although undoubtedly where large families are concerned the figures do point to considerable crowding.<sup>10</sup>

About half of all home owners in Puerto Rico had some expenditures during 1950 for improvements on their homes.<sup>11</sup> Home owners at all income levels were equally likely to have expenditures of this kind; however, younger people more often made some addition to their home than older people and spent larger total amounts for the improvements or additions (Appendix A, Table 91).

About one fifth of all families expect to buy a house or other real estate in the next year or so, most of the prospective buyers being interested in a house for their own occupancy. High-income families are more often prospective buyers of real estate than lower-income families (Appendix A, Table 95). Almost half of the prospective buyers plan to invest \$10,000 or more in the new purchases and the majority plan to borrow in order to finance these purchases. When we compare the number of people who say they expect to buy a house (assuming that at least 10 % plan to buy a house for their own use) with the actual number who bought during 1950 (5 %) it appears that there may be increasing pressure on the prices of new and existing homes during the next year, since twice as many people plan to buy as bought last year. And when we compare prospective buyers in Puerto Rico with prospective buyers in the United States (Appendix A, Table 98), we see further evidence of possible increasing pressure on the Puerto Rican real estate market. About twice as many Puerto Rican as United States families plan to buy a house in 1951. Whether this expectation will be translated into action is of course a function of many changing economic factors, such as the availability of building materials and of loans, tax policies, and so on.

<sup>10</sup> For a discussion of the housing situation of families with incomes under \$2000, see *Patterns of Living in Puerto Rican Families*, Lydia J. Roberts and Rosa Luisa Stephani, University of Puerto Rico, 1949.

<sup>11</sup> Excluding expenditures for normal maintenance and repairs



## CHAPTER 3

# CONSUMER BORROWING

Consumer borrowing is of interest for many reasons: it affects the savings of individual families, and the resulting debt constitutes a prior claim on income so that current purchasing power is affected. From the standpoint of the effects of borrowing on a family's rate of saving, two kinds of borrowing may be distinguished: borrowing which is done for reinvestment, and borrowing which is done for consumption expenditures. When a family borrows money and invests it in real estate or business expansion, for example, there is no net dissaving since the new debt is balanced by the acquisition of a new asset. When borrowed money is spent for consumption, however, there is a net dissaving, unless borrowing is counterbalanced by saving in other forms.

Mortgage borrowing (for the purchase of real estate) is of the first variety and will be discussed separately. The current discussion will be confined primarily to the second variety which may be called "consumer debt." Consumer debt is defined as money owed on installment purchases, on charge accounts at stores, and on personal loans from banks, other lending organizations, or private individuals.<sup>1</sup>

A large majority (about two thirds) of Puerto Rican families with incomes

<sup>1</sup> Some of the personal loans are probably of the reinvestment variety. Some businessmen in the sample undoubtedly borrowed money for use in their business or farming enterprises. This is suggested by the fact that although they took out personal loans fairly often, they tended to save more than other groups, thus indicating that their borrowing was more than balanced by business investment. The personal loans taken out by businessmen specifically for business operation and investment were probably relatively large in amount, but it is also likely that only a small proportion of the total sample borrowed for this purpose.

The present study is intended, of course, to report only personal family financial transactions, and an effort was made to exclude business transactions from consideration. This was not difficult in the case of incorporated businesses, the owners of which normally keep business and personal finances separate. Small, unincorporated businessmen, however, sometimes meet both business and family expenses out of the same funds and do not keep separate records. In such cases business transactions affect the present report.

of \$2000 or more owed money in some form other than mortgages at the end of 1950 (see Table 25).

Consumer indebtedness is as common among high-income as among low-income families. However, the high-income families who owe money usually owe considerably larger amounts (see Table 26).

TABLE 25. *Indebtedness of Puerto Rican Families with 1950 Incomes of \$2000 or More*

Amount of debt	Per cent of spending units
Less than \$100	13
\$100-399	25
\$400-999	13
\$1000-2499	11
\$2500 or more	6
	68
None	31
Not ascertained	1
	100%

TABLE 26. *Amount of Consumer Indebtedness in Each Income Group, End of 1950*

Amount	1950 Income					
	All units \$2000 or more	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
\$1000 or more	17%	5%	14%	17%	19%	35%
\$400-999	13	14	16	25	10	9
\$1-399	38	50	49	21	34	15
None	31	31	21	37	37	35
Not ascertained	1	0	0	0	0	6
	100%	100%	100%	100%	100%	100%

Older people are more likely to be debt-free than young people. This is true despite the fact that they borrow money nearly as often, through installment buying or personal loans. Their more favorable position with respect to current indebtedness seems to be due to the fact that when they buy on the installment plan, they pay off the debt more rapidly than young people do. Government employees are particularly likely to be in debt, as compared with self-employed people or people working for private industry (see Table 27).

The amount a family owes at any particular point in time (for example, at the end of 1950) is of course a product of many different transactions: some of the debt may be carried over from previous years, some of it may have been incurred through new installment purchases during the current year, some of it may reflect recently incurred debt on personal loans. Table 28 shows how these different components of consumer debt combine among different groups in the population.

Let us consider first the use of installment credit. Nearly half (45 %) of the families with incomes of \$2000 or more made use of this form of consumer borrowing during 1950, to buy cars or other durable goods. Businessmen (who make up the majority of people with incomes of \$7500 or more) make relatively little use of installment credit, despite the fact that they are as likely to buy durable goods as people in other occupations; in general, they buy their durable goods for cash. Professional people, clerical people,

TABLE 27. *Consumer Indebtedness according to Type of Employment*

Indebtedness	Government	Private Industry	Self Employment
Have debt	81%	65%	65%
Owe \$400 or more	(37)	(22)	(36)
Owe less than \$400	(44)	(43)	(29)
Have no debt	19	35	35
	100%	100%	100%

and people doing skilled or unskilled labor, on the other hand, very commonly buy on the installment plan. Laboring people are particularly likely to buy on the installment plan if they do buy durable goods; they usually have lower current incomes than people in other occupations, and rarely have liquid assets accumulated in any form, so that it is very difficult for them to pay cash. Furthermore they pay off their installment debts more slowly than others, so that at any particular time they are more likely to owe money on items they have purchased.

During 1950, nearly a third (30 %) of all families with incomes of \$2000 or more were making payments on durable goods they had bought on the installment plan in an earlier year.

Personal loans function differently from installment credits in terms of the people who make use of such loans. Businessmen, who do not use installment credit very widely, frequently borrow money from banks, lending organizations, or private individuals. Since many businessmen and farm owners do not keep their personal accounts separate from business accounts, much of the borrowing reported by them undoubtedly represents

borrowing in connection with their business and farm transactions. It is also likely that they are considered a better risk for loans than many wage-earners, so that credit facilities are more widely available to them. Government employees exceed other groups in their use of *both* installment credit and personal loans. They, too, have good facilities for getting credit; they contribute to a savings and loan fund currently and may borrow from the fund at a relatively low rate of interest. Judging, however, from the frequency with which they pay interest rates *higher* than those charged by

TABLE 28. *Consumer Indebtedness according to Income, Occupation, and Type of Employment*

Characteristic	Borrowed to purchase durables in 1950 (incl. car)	Making payments on durables purchased before 1950	Have debt on installment purchases, end of 1950	Borrowed through personal loans in 1950	Making payments on personal loans incurred before 1950	Have debt on personal borrowing, end of 1950
All spending units . . . . .	45%	30%	43%	43%	21%	35%
<i>1950 income</i>						
\$2000-\$2999 . . . . .	40	31	44	36	30	31
\$3000-\$3999 . . . . .	44	36	55	46	25	41
\$4000-\$4999 . . . . .	50	29	41	51	21	33
\$5000-\$7499 . . . . .	38	12	38	43	22	30
\$7500 or more . . . . .	28	10	26	48	16	34
<i>Occupation of unit head</i>						
Professional . . . . .	45	34	43	45	31	38
Managerial . . . . .	27	25	31	48	21	35
Clerical or sales . . . . .	46	25	48	44	24	34
Labor . . . . .	50	36	56	41	21	35
<i>Type of employment</i>						
Private industry . . . . .	48	30	45	32	18	22
Government . . . . .	52	35	54	54	31	48
Self-employment . . . . .	33	22	30	46	16	34

the government loan fund (see Appendix A, Table 112), they undoubtedly borrow frequently through other channels as well. Government employees not only take out personal loans frequently, but they are especially likely to carry over indebtedness on such loans from year to year. Self-employed people, by contrast, pay off their personal loans fairly rapidly. The lowest income group makes somewhat less use of personal loans than those with higher incomes, probably because they have more difficulty obtaining credit.

People who had taken out personal loans were asked what rate of interest they were paying. The rates varied from 14% to no interest (the latter probably representing borrowing from relatives). The rates most commonly reported were 4%, 6%, and 8%, with the median at 7%. Of course, when

loans are carried over from year to year, the total amount of interest paid over the life of the loan may exceed considerably the rate of interest appearing on the loan contract. In any case, it appears that quite a bit of borrowing is done at rates lower than those generally believed to prevail.

In general, a comparison of installment borrowing with personal loans reveals that, although both forms of consumer borrowing are common

TABLE 29. *Personal Loans during 1950*

Amount borrowed	1950 Income					
	All units \$2000 or more	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
\$1000 or more . . . . .	15%	6%	12%	24%	20%	36%
\$500-999 . . . . .	8	7	13	5	8	6
\$1-499 . . . . .	19	23	21	22	15	6
None . . . . .	57	64	54	49	57	49
Not ascertained . . . . .	1	0	0	0	0	3
	100%	100%	100%	100%	100%	100%

TABLE 30. *Consumer Indebtedness among Spending Units in Puerto Rico and the United States with Incomes of \$2000 or More*

Indebtedness	Puerto Rico	United States
Have debt . . . . .	68%	58%
Have no debt . . . . .	31	42
Not ascertained . . . . .	1	0
	100%	100%
Type of debt		
Installment . . . . .	43%	26%
Personal loans . . . . .	35	19
Charge accounts . . . . .	32	25

among all groups of the population, there is a tendency for installment credit to be used by the "small" man, and personal loans by the "big" man. Consistent with this is the fact that the amounts owed on personal loans are usually considerably larger than the amounts owed on installment purchases (see Appendix A, Table 111). The high-income managerial and professional groups can and do borrow large amounts when they borrow at all (see Table 29).

With so many people using consumer credit, the question arises as to how many are borrowing currently to meet previously incurred debt. This seems to be fairly common, particularly among the people who borrow

through personal loans. Of those who were making payments on personal loans incurred before 1950, 73 % borrowed again during 1950—presumably, in part, to enable them to pay their old debts.

We have seen that two thirds of the Puerto Rican families with incomes of \$2000 or more owe money, either for goods bought on the installment plan or for personal loans. Is this a high volume of consumer indebtedness? One answer to this question may be furnished by making a comparison

TABLE 31. *Net Change in Consumer Indebtedness, End of 1949 to End of 1950*

Change	Per cent of spending units	
Net increase.....		43
Amount		
\$1-99 .....	23	
\$100-299 .....	25	
\$300-499 .....	19	
\$500-999 .....	13	
\$1000 or more .....	20	
	100%	
Net decrease.....		26
Amount		
\$1-99 .....	22	
\$100-299 .....	31	
\$300-499 .....	20	
\$500-999 .....	15	
\$1000 or more .....	12	
	100%	
No change, including those having no debt..		30
Not ascertained.....		1
		100%

with families of similar income in the United States. The conclusion which emerges from such a comparison is very clear: Puerto Rican families employ all forms of consumer credit more frequently than their continental counterparts (see Table 30).

At all income levels, United States buyers of durable goods pay cash more often than Puerto Rican families do (Appendix A, Table 107), and, taking all income groups together, two thirds of the Puerto Rican families who buy durables use the installment plan, while about half of the United States families at the same income levels do so.

It is evident that the present level of consumption for many families in

the group having incomes of \$2000 or more means going into debt. What is happening in terms of changes in the debt level among consumers? While it would be more desirable to have trends over a longer period of time, an examination of the amount of debt outstanding at the beginning of 1950 with that outstanding at the end of the year will show whether there was an increasing or decreasing amount of consumer indebtedness during 1950, or whether there was a tendency to keep prior commitments on income at a stable level.

Almost half (43 %) of all families increased the amount they owed on consumer debts during the year; only one fourth (26 %) decreased the amount owed. This points to an overall increase in the level of consumer indebtedness. An increasing indebtedness is even more evident when we look at the amounts of increase as compared with the amounts of decrease (see Table 31).

Since the sample includes only the upper-income families (10 % of the total population) it is not possible to make even a gross estimate of the changes in consumer indebtedness among the total population. However, it is quite probable that families with somewhat lower incomes (between \$1500 and \$2000) have some facilities for borrowing (particularly installment credit and small short-term loans), and are under considerable pressure to borrow for current expenditures. Such borrowing is likely to be even more costly to the low-income families since they have fewer assets to use as security for loans and may therefore pay higher interest rates.

That the use of credit is a much more frequent and active phenomenon in Puerto Rico than in the United States is seen when we compare the net change in consumer indebtedness during the year among families of similar incomes in the two groups (see Appendix A, Table 113). At every income level relatively more Puerto Rican families increased their debts than United States families, and there are relatively as many (or more in some groups) who decreased debts; many families in the United States have static indebtedness, neither borrowing nor repaying.

## CHAPTER 4

# CONSUMER SAVING

In the preceding chapters we have been discussing changes in liquid asset holdings and changes in indebtedness, both of which are elements in savings. Let us now turn our attention to total savings: the net result of all the additions to and withdrawals from assets and all the changes in indebtedness, during 1950.

Before embarking on a description of the findings, it will be well to raise the question of what is meant by "saving." There are several possible definitions of the concept, and the choice of a definition for a particular piece of research must be governed by the objectives of that research. For our purposes, saving is defined as the difference between income and expenditures. This difference may be either positive or negative: if expenditures are less than income, savings are positive. If expenditures are more than income (as they may be if a family supplements its income in a given year through borrowing or through the use of previously accumulated assets), savings are negative.

There has been much discussion of the way in which changes in indebtedness should be handled in a study of saving. Payments on debts are not considered as expenditures, and therefore when saving is defined as the difference between expenditure and income, payments on debts are counted as positive saving and borrowing as negative saving. From a common-sense standpoint, on first thought, it is difficult to regard paying debts as a form of saving, since there are no accumulated assets to show for it when money is used in this way. On the other hand, it is clear that debt repayment improves one's financial position, in that it improves one's credit (and therefore adds to a financial resource), and by eliminating prior claims on income makes it possible to save later in more tangible forms. From the standpoint of the economist, debt repayment amounts to saving for a purchase *after* the expenditure has been made rather than before, a distinction which makes little difference to the economy, for in both cases a family is setting aside funds in a given period of time to cover expenditures in a different period of time. It is clear that the question of how much a family



saves might have different answers, depending on the time period during which savings are being computed. A family might add \$400 to its liquid assets during one year and take this amount out of the bank to spend it for consumer durables the next. If savings are being computed on a one-year time period, this family would be listed as positive savers the first year and negative savers the next, whereas if a two-year time period were considered, they would be neither positive nor negative. Similarly, a family might borrow one year and repay the next—with no net gain or loss over the longer time period, but with a negative balance in the income-expenditure budget the first year and a positive balance the next.

For the current survey, savings have been studied during the period of one year, 1950. Changes in liabilities have been considered as an element in total savings, just as changes in accumulated assets have been.<sup>1</sup>

About two thirds of all Puerto Rican families with incomes of \$2000 or more saved something out of their incomes during 1950. About one fourth dissaved (spent more than they received in income during the year). The amount saved by an individual spending unit during 1950 is estimated by considering the additions to or withdrawals from assets during 1950 and the changes in indebtedness during the year.<sup>2</sup> Saving part of current income is more common among high-income families; however, the majority of spending units at all income levels saved part of their income, in some form, during 1950 (see Table 32).

Most of the families who had some positive saving at the end of the year saved at least 10 % of their incomes; a high-income family usually saved 20 % or more of its 1950 income. Dissaving is nearly as common among people with high income as among the low-income families, and people who dissave, at any income level, dissave a fairly constant proportion of their income—about ten per cent (see Table 33).

About half of all families who saved something out of their 1950 income saved at least \$500 (Appendix A, Table 116). Most families with incomes under \$3000 have, as might be expected, relatively small amounts left for

<sup>1</sup> The definition of savings employed in this study is identical with that used in the Surveys of Consumer Finances conducted by the Survey Research Center for the Federal Reserve Board. Thus comparisons between the two studies will be possible.

<sup>2</sup> The savings of an individual spending unit are computed by adding the dollar amounts of itemized additions to savings and subtracting the total amount of itemized withdrawals. (See Table 35 for the separate items comprising "additions" to and "withdrawals" from savings.) When the amount of withdrawals is greater than the amount of additions, the spending unit spent more during the year than its income for that year and is classified as a negative saver or dissaver. Any amounts received which are not classified as income (lottery winnings, inheritances) are subtracted from savings in order that the savings figure shall represent amounts *saved out of income*.

saving after necessary living costs have been met. However, one out of ten families in the lower income group saved \$500 or more in 1950.

TABLE 32. *Saving among Spending Units during 1950*

Saving from 1950 income	1950 Income					
	All units \$2000 or more	\$2000-3999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Saved .....	63%	54%	62%	64%	70%	74%
Neither saved nor dis- saved .....	10	15	10	9	4	3
Dissaved .....	26	31	28	26	26	16
Not ascertained .....	1	0	0	1	0	7
	100%	100%	100%	100%	100%	100%

TABLE 33. *Per Cent of Income Saved or Dissaved among Spending Units*

Per cent of income	1950 Income					
	All units \$2000 or more	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
<b>Savers</b>						
50% or more .....	5%	1%	1%	6%	4%	17%
30-49% .....	8	5	3	13	12	17
20-29% .....	12	5	15	15	13	16
10-19% .....	16	16	18	13	23	10
1-9% .....	22	27	25	17	18	14
<b>Dissavers</b>						
1-9% .....	13	16	15	12	13	9
10-24% .....	7	7	8	5	10	0
25% or more .....	6	8	5	9	3	7
None .....	10	15	10	9	4	3
Not ascertained .....	1	0	0	1	0	7
	100%	100%	100%	100%	100%	100%
Median per cent of in- come saved* .....	6	2	5	8	11	23

\* These medians are based upon all cases in each class, including those who saved nothing or dissaved.

The *per cent* of income dissaved was very similar at the various income levels. The *amounts* dissaved were typically larger at the higher income levels. From one standpoint this is surprising, since it might be expected

that high-income families could live within their incomes more easily than families at the \$2000-\$4000 level and therefore would dissave less often and, when they dissave, would dissave a smaller proportion of their total income. It should be borne in mind, however, that it takes resources to dissave. Low-income people may feel the need to spend more than their incomes but be unable to do so, having no previously accumulated assets to draw upon and only limited credit for borrowing. Findings from studies in the United States also indicate that when high-income people dissave, they do so by larger amounts than do low-income dissavers.

As mentioned earlier, high-income families more often save something out of income and save in larger amounts than low-income families. During 1950, the high-income group (\$7500 or more), though including only 14 % of all spending units, accounted for three fourths of the aggregate net

TABLE 34. *Contribution of Each Income Class to Total Savings and Dissavings*

Income group	Per cent of all units	Per cent of total amount saved by all savers	Per cent of total amount dissaved by all dissavers	Per cent of total net savings of all units
\$2000-2999	33	6	20	2
\$3000-3999	25	8	16	6
\$4000-4999	12	8	24	4
\$5000-7499	16	14	15	13
\$7500 or more	14	64	25	75
	100%	100%	100%	100%

saving<sup>3</sup> of all consumers with incomes of \$2000 and above. Though the high-income families make the major contribution to total consumer saving, it is interesting to note that on balance each income group accounts for some portion of the total net saving, and no income group dissaved more than it saved (see Table 34).

The amounts of consumer savings which go into the various forms of savings are important in considering present and potential effects of savings on the Insular economy. In 1950, the most popular forms of saving were life insurance and payments into retirement funds (see Table 35).

Adding to liquid assets, making payments on mortgages, and paying off past consumer debts were equally common as forms of saving, each being employed by about one fourth of the spending units. The form of saving which a family will use is a function, to some extent, of its income level:

<sup>3</sup> Difference between total amount of additions to savings and withdrawals from savings of all spending units with incomes of \$2000 or more

high-income families have life insurance considerably more often than do families at the lower end of the income scale. Payments into retirement funds are found chiefly among the "middle" income group—those earning from \$3000 to \$5000. Payments on old debts, on the other hand, are equally common at all income levels (see Chart 2).

TABLE 35. *Spending Units Reporting Additions to and Withdrawals from Savings in 1950*

Type of Savings	Per cent making additions	Per cent making withdrawals
Consumer indebtedness		
Increases		44
Decreases	26	
Life insurance		
Payment of premiums	40	
Cash payment received from policy		0
Liquid asset holdings (incl. cash)		
Increases	23	
Decreases		28
Real estate		
Purchases	7	
New mortgages		7
Sales		5
Payments on mortgages	20	
Home and property improvements	23	
Retirement funds		
Payments to such funds	37	
Securities transactions		
Increases in holdings	2	
Decreases in holdings		1
Business investments		
Increases	13	
Decreases		1
Farm equipment purchases (excluding purchase of real estate)	4	

We have seen that in terms of the *number* of spending units using a particular form of saving, payments into life insurance and retirement funds are the outstanding forms of saving. When we consider the *amounts* of saving in each form, however, a different picture emerges. Consumer investments in business enterprises account for the largest proportion of total consumer saving in 1950. Increasing equities in real estate and amounts spent on capital improvements of real estate are the next most important in terms of total amount of saving. When amounts used to

increase equity in real estate are added to amounts spent on capital improvements, real estate investments become almost as significant as busi-

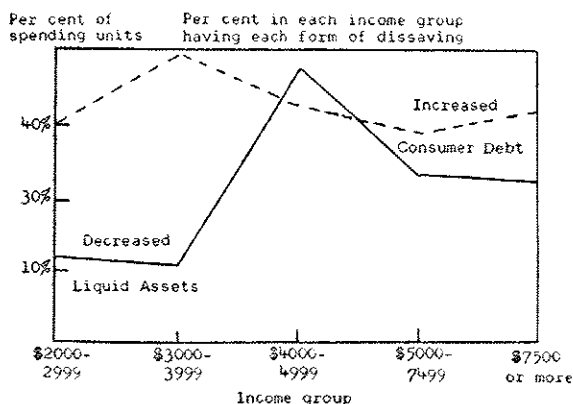
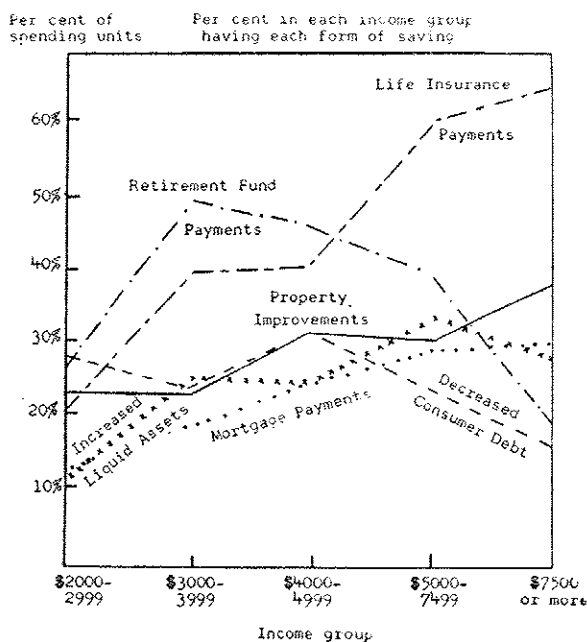


CHART 2. Saving and Dissaving among Spending Units in Different Income Groups.

ness investments in contributing to the total accumulation of consumer saving (see Table 36).

When people spend more than their incomes, from what source is the money drawn? An increase in consumer debt liabilities is the most common

form of negative saving; a reduction in assets in liquid form (bank holdings, etc.) is next most common. Increasing consumer indebtedness occurs as often at the high-income levels as at the low. Decreases of liquid assets are somewhat more common at the high-income levels, which is not surprising in view of the fact that low-income families usually have no accumulations upon which to draw.

It has been generally assumed that Puerto Rican families in the income levels being studied save less than families with similar incomes in the United States. However, when we compare saving in the two groups we find

TABLE 36. *Components of Aggregate Savings*

Components	Per cent of aggregate saving	
Business investment.....		52
Amount invested in real estate:		
Purchases "minus sales; mortgage pay-		
ments minus mortgages incurred.....		23
Capital improvements on real estate.....		25
Farm investment.....		12
Payments on insurance policies.....		10
Payments into retirement funds.....		7
Net investments in mortgage loans and per-		
sonal loans.....		6
Net change in consumer debt.....		-25
Decrease by those who decreased.....	13	
Increase by those who increased.....	-38	
Net change in liquid holdings.....		-10
Increase by those who increased.....	24	
Decrease by those who decreased.....	-34	
		<hr/> 100%

that there is little difference in the number who save or in the amounts saved (see Table 37).

We have seen that Puerto Rican families with incomes of \$2000 or more save about the same amount as United States families with comparable incomes. The question arises as to whether in the two cases the financial ability to save is strictly similar; possibly the level of prices or the tax structure differs considerably and Puerto Rican families may be in a better or worse position to save. Income taxes are somewhat higher in the United States; however, this difference seems to be nearly cancelled out by the somewhat higher price levels in Puerto Rico plus rather heavy excise taxes (about 20%) on durable goods. It appears, then, that with respect to purchasing power and disposable income, families in Puerto Rico (in the

income groups studied) can be legitimately compared with families of similar income in the United States.

There is considerable difference in the *ways* in which families in the two groups save. Making regular life insurance premium payments is a common form of saving in both groups; however, many more United States families save in this form than is the case in Puerto Rico.<sup>4</sup> Moreover, in the United States saving in this form is fairly common among families at all income levels (at least it was in 1948, the last date for which figures for the differ-

TABLE 37. *Saving among All Puerto Rican and United States Spending Units with Incomes of \$2000 or More during 1950\**

Savers	Puerto Rico†	United States†
Positive savers.....	64%	69%
<i>Per cent of income saved</i>		
50% or more.....	4%	5%
30-49%.....	10	10
20-29%.....	11	11
10-19%.....	16	19
1-9%.....	23	24
Neither saved nor dissaved.....	9	3
Negative savers.....	27	28
<i>Per cent of income dissaved</i>		
1-9%.....	14	12
10-24%.....	7	9
25% or more.....	6	7
	100%	100%

\* Savings and per cent of income saved for both groups excludes changes in cash holdings.

† Excluding those cases for which savings were not ascertained.

ent income levels are reported in the *Federal Reserve Bulletin*), whereas in Puerto Rico many more high-income families have life insurance than do low-income families.

Decreasing or increasing consumer debt is a more common form of saving and dissaving among Puerto Rican families than among United States families. On the other hand, adding to liquid assets and withdrawing money from them is a much more common form of saving and dissaving in the United States than in Puerto Rico. The contrast in the use of credit versus liquid assets is clearly shown in Table 38.

The fact that Puerto Ricans use credit more actively than their counter-

<sup>4</sup> Table 120, Appendix A, shows the per cent of spending units in the United States reporting additions to or withdrawals from savings in each form in 1950

parts in the United States is no doubt due in part to the fact that they less often have liquid assets on which to draw when they need money.

Reinvesting business profits or putting personal capital into business investments is more common among Puerto Ricans with incomes of \$2000 or more than among United States families with similar incomes; 13 % of the Puerto Rican families saved in this way in 1950, while only 5 % of the United States families did so.<sup>5</sup> Businessmen make up 25 % of the family-heads with incomes of \$2000 or more in Puerto Rico, and only 17 % of the family-heads of similar income in the United States. Since there are more businessmen in the Puerto Rico sample, one would expect a higher per-

TABLE 38. *Changes in Consumer Debt and Liquid Asset Holdings among Spending Units with Incomes of \$2000 or More [Having Positive or Negative Savings in 1950]*

Changes	Positive savers		Negative savers	
	Puerto Rico	United States	Puerto Rico	United States
In holdings, 1950				
Net increase	31%	52%	12%	13%
No change (including no holdings)	48	28	39	26
Net decrease	21	20	49	61
	100%	100%	100%	100%
In debt, 1950				
Net decrease	36	27	10	7
No change (including no debt)	29	58	16	41
Net increase	35	15	74	52
	100%	100%	100%	100%

centage to save in this manner. However, the difference is sufficiently large to suggest that businessmen in Puerto Rico more often save in this form than do United States businessmen.

Which groups in the Puerto Rican community save and which spend more than their incomes? We have seen that saving is related to income, with high-income people saving more, on the average, than low-income people. It is not surprising, then, that professional and managerial people are more often in the ranks of the positive savers than laboring people, or that young people more often dissave than the middle-aged, or that people with considerable education tend to save more frequently than people

<sup>5</sup> United States figure represents all income levels; however, if the entire 5% who invested in business are assumed to have incomes of \$2000 or more, the difference between the two groups is significant



with little education (see Appendix A, Table 119). All of these relationships could be predicted on the basis of income alone.

It is more revealing to compare savings among groups when income has been held constant.<sup>6</sup> When this is done, the following conclusions emerge: rural people save more, relative to their incomes, than urban people do. This may be due, at least in part, to the fact that rural families can grow some of their own food and in other ways supplement their money incomes with non-money income. No doubt another contributing factor is that they spend somewhat less for durable goods than do urban families (Appendix A, Table 120).

Managerial people save more than people in other occupations who are earning the same incomes. We have already discussed the fact that businessmen save money by putting it into their businesses. In some instances this may be a kind of "forced" saving, in that the need to finance business operations (such as buying business equipment or enlarging inventories) may take precedence over buying consumption goods. In any case, the businessman appears more willing to forego certain consumption expenditures in order to put money into his business than other groups are to save in their characteristic ways.

There appears to be little or no relationship between saving and the age or education of the head of the spending unit, once the effects of income are neutralized. Nor, surprisingly, does the number of people in the family affect the amount of saving: large families save just as much as small families at the same income level.

Of special interest in studying consumer saving are the particular actions and decisions of individual spending units which cause dissaving. Families who purchased household durables in 1950 more often spent in excess of their income than families not making such purchases. This is not surprising since these fairly large expenditures cannot always be offset by reductions in other kinds of expenses.

During 1950 about two thirds of all families having a net dissaving at the end of the year purchased some durable items (excluding car) as compared with only half who had positive savings (see Appendix A, Table 125). The extent to which a family can finance these extra expenditures out of current income depends of course on the amount of income and the amount

<sup>6</sup> For the purposes of the present study, this was accomplished in the following way: within each income group, spending units were arranged in rank order, from the spending unit which saved the largest amount to the spending unit which saved the least (or dissaved the most). The spending units in each income class were then divided into three groups: the third who saved the most, (designated as high savers), the third who saved intermediate amounts (medium savers) and the third who saved the least (low savers). "High savers" as a group, then, are made up of the third of every income class who were the largest savers in that income class.

of the extra expenditures. High-income families, with a greater amount of disposable income after necessary living expenses are met, are under less pressure to reduce assets or to borrow to make such purchases, and would be less likely to dissave; rather the result would more probably be one of reducing the amount going into saving or into other types of current expenditures. But, regardless of the amount of income a family has, those buying household durables or a car are usually low savers as compared with others at their income level (Appendix A, Table 126).

It is interesting that the effect of buying durable goods upon saving

TABLE 39. *Relation of Savings to Purchases of Durables (other than car) in 1950*

Savings, end of 1950	Purchased durables	Purchased no durables
Saved .....	64%	62%
Neither saved nor dissaved .....	4	16
Dissaved .....	31	21
Not ascertained .....	1	1
	100%	100%

TABLE 40. *Method of Financing Durable Purchases (excluding car) in 1950 by Spending Units*

Saving relative to all units in income group	Cash	Installment plan
High saver .....	39%	24%
Medium saver .....	25	35
Low saver .....	36	41
	100%	100%

depends on whether a family buys on the installment plan or for cash. Incurring an installment debt counts as a minus element in computing savings (unless the debt is repaid within the year), so it is understandable that people who buy on credit should have a low score on savings, on the average. But what about the people who buy for cash? Should not their purchases cut into the amount of positive saving they can manage and make them low savers too? As may be seen in Table 40, cash purchasing does not have this effect. It appears that when people buy durables for cash, they often absorb the cost into the family budget by reducing other expenditures, so that ultimately they save as much as people who did not buy any durables. Of course, some of their saving is forced saving: if they have taken out an insurance policy, or have money deducted from their pay for a retirement fund, or are making payments on previously incurred

debts, they have no alternative but to save in these forms and make their purchases of durables out of what is left.

Consumer actions and decisions as to where they shop for necessary consumer items (supermarkets or department stores, vendors, small neighborhood stores, and so on) do not seem to be related to the amount of income saved or dissaved (Appendix A, Table 127). It is quite possible that the relation of these factors to saving is a complex one. There is some evidence that consumers who are price conscious have higher savings than those who are not<sup>7</sup> (see Table 41).

Table 41 furnishes some evidence that savings are related to careful shopping.<sup>8</sup> This raises an interesting question: is saving to some extent a consciously planned phenomenon influenced by psychological factors, or is it exclusively dependent on strictly economic factors such as income and market conditions? Though the study findings are not conclusive in answering this question they do suggest that "saving-mindedness" (or a predis-

TABLE 41. *Saving, End of 1956, among Price-Conscious Spending Units*

Saving relative to all units in income group	Mention price levels	Do not mention price levels
High saver. . . . .	39%	31%
Medium saver. . . . .	34	33
Low saver. . . . .	27	36
	100%	100%

position to save) is related to the amount consumers currently save, regardless of the amount of income at their disposal (assuming equal availability of goods for all families within the income group). Table 41 fits in with this analysis. A further piece of evidence is that when people are asked what they would do with the additional money if their incomes were increased, those who say they would use part or all of the money to invest or save in other ways, save more, relative to their present income level, than those who say they would not (see Table 42).

It is interesting that the same relationship does not exist when people talk about how they would use lottery winnings (Appendix A, Table 128). Since lottery winnings are more in the category of a "one-time windfall" extra money from this source is probably not considered in the same light as regular income. Expected uses of such extra money are likely to deviate from the current pattern of disposing of income. How people would use this extra money is discussed in Chapter 7.

<sup>7</sup> The difference in comparing the two groups more than meets the 5% level of confidence but is not quite significant at the 1% level.

<sup>8</sup> More will be said about consumer buying habits in Chapter 7.

The psychology of the consumer with respect to providing for his future economic security is likely to be one factor determining how he allocates his income between consumption expenditures and saving or investment. To investigate this relationship, all people interviewed were asked whether or not they felt they should currently make some provisions for their

TABLE 42. *Planned Uses of Additional Income\**

Saving relative to all units in income group	Savings or investment		Purchase of food and clothing		Extra consumer expenditures†	
	Mention	Do not mention	Mention	Do not mention	Mention	Do not mention
High saver. . . . .	35%	29%	32%	32%	32%	31%
Medium saver. . . . .	34	30	32	32	32	28
Low saver. . . . .	31	41	36	36	36	31
	100%	100%	100%	100%	100%	100%

\* The question asked was, "If you had the higher income you think you need, what would you do with it which you are unable to do now?"

† Excludes basic necessities of food, clothing, and shelter; includes such expenditures as car, travel, durables, or house furnishings, education.

TABLE 43. *Savings among Those Giving Reasons for Providing for a Time When They Are Not Earning an Income*

Saving relative to all units in income group	Reasons		
	Need to provide for own security (basic necessities)	Desirable not to depend on others	Desirable to save (no reference to fear of insecurity or dependency)
High saver. . . . .	36%	34%	26%
Medium saver. . . . .	33	33	39
Low saver. . . . .	31	33	35
	100%	100%	100%

future.<sup>9</sup> Almost all feel they should make provisions currently to have some income when they are older; however, there is considerable variation in the motives expressed for doing so. For one group (41 % of all heads of families) such action is perceived as necessary in order to secure the basic necessities

<sup>9</sup> The question was asked, "Some people feel that as they go along they should make some provision to have an income when they retire and are no longer earning a regular income. Other people feel for many reasons that they do not need to do this. How do you feel about this matter?"

for themselves and their families later on. Another group (33 % of all heads of families) feel they should provide for their future so that they will not have to depend on others for their livelihood in old age. The remainder indicate no feeling that they must provide for basic necessities when they are older or that they want to avoid being dependent. Some say instead that saving now will increase their standard of living or insure a more comfortable way of life later on, and others that it is a person's duty or responsibility to provide for his future (Appendix A, Table 129).

That "saving-mindedness" seems to accompany the act of saving is further borne out when we compare current saving among families classed in the above mentioned groups. Those who can be assumed to feel a stronger need to save (savings relevant to acquiring necessary goods and services when they are older) currently save more than other families with comparable incomes (see Table 43).

## CHAPTER 5

# THE INVESTOR

The effort to develop the Puerto Rican economy to the point of providing more adequate employment opportunities for a growing labor force and increasing the output of goods for local consumption and export requires a large outlay of investment capital, particularly in manufacturing and service industries. Outside sources have been needed and will continue to be needed to supply capital for the rate and scope of expansion required; however, local capital in the form of savings of individuals and corporations is needed both for mobilizing the maximum amount of capital for investment and for increasing the equity of Puerto Ricans in their own economy.

The problem is a two-fold one of encouraging individual saving, and of encouraging the flow of savings into local productive investments rather than into outside investments or to "cash holdings" not available for investments. The amounts and forms of consumer saving, including amounts saved through investment, are discussed in Chapter 4. Investments, then, are important as an element in savings; but beyond this, the practices and opinions of potential investors have special significance in the light of the problem of accumulating capital investments in productive enterprises. The types of investments held by individual families, the reasons why particular investments are preferred and others rejected, and the opinions held by potential investors<sup>1</sup> concerning investment in Puerto Rican enterprises are discussed in this chapter.

What are the forms of investment currently employed by the upper income group of families? Major forms of capital investment, in terms of dollar volume, can of course be determined more readily from already existing records than by interviewing actual investors. However, it is important to know something of how such investments are distributed among the population; who the people are who have certain kinds of investments, and why they invest in some ways and not in others.

Real estate and business ownership are the most common kind of invest-

<sup>1</sup> All people having investments in real estate, business, stocks, mortgages or liquid asset holdings of \$500 or more.

ments among all families with incomes of \$2000 or more. About one third of all such families own some real estate (other than the home they live in) and about one fourth have full or part ownership in a business.

People who own real estate (other than their home) usually own other houses (including apartment dwellings); ownership of lots and commercial property is less common (Appendix A, Table 130). About one tenth of those who have investment in real estate acquired some or all of these properties during 1950.

The amounts of capital which business owners have invested in their businesses vary greatly: the median estimated value of business is between \$5000 and \$10,000; a fifth of the businessmen value their businesses at \$25,000 or more, while an approximately equal number have their businesses valued at less than \$1000.<sup>2</sup>

Families having some type of investment (or substantial holdings in

TABLE 44. *Per Cent of Spending Units Having Investment of Various Kinds*

	Real estate*	Own Business	Stocks or bonds†	Mortgages
Some investment.....	31%	25%	7%	2%
No investment.....	69	75	93	98
	100%	100%	100%	100%

\* Other than owner-occupied houses.

† Does not include Government bonds that pay interest at maturity; Series A-F

liquid form<sup>3</sup>) are, of course, typically high income families; however, one third of the lowest income group (\$2000-\$2999) have some form of investment holdings (Appendix A, Table 133).

How do these investors regard the various types of investments, which do they prefer, and what are the main factors that make some investments attractive to investors and others not? Real estate is the most popular form of investment; almost half of the potential investors said they preferred this way of investing money (see Table 45).

As is not surprising, investors are primarily interested either in the profit-earning value of investments or in having their money in what they consider a safe investment; frequently they are interested in both. Other considerations, mostly personal, influence selection of investment forms among about one fifth of the investors (Appendix A, Table 136). Real estate, the most popular form of investment, primarily appeals to investors because

<sup>2</sup> Business owner's estimated value of his business, early 1951

<sup>3</sup> Those having some non-liquid assets or holding at least \$500 worth of liquid assets.

it is thought to be a safe way to invest money, though it is not lacking in profit-earning appeal, as is evidenced by the number (29 %) who prefer real estate investment because it returns high profits on their investment. Having a business of one's own, on the other hand, is considered a profitable venture but one which offers little security of investment (Appendix A, Table 137).

Further evidence of the popularity of real estate investments is seen in the relatively few who think there are disadvantages to this form of investment, whether or not it is the way they prefer to invest.<sup>4</sup>

TABLE 45. *Types of Investment Preferred*

Type	Per cent of potential investors
Real estate . . . . .	43
Own business . . . . .	22
Mortgages . . . . .	18
Stocks and bonds . . . . .	8
Not ascertained . . . . .	9
	<hr/> 100%

TABLE 46. *Attitudes toward Various Kinds of Investment*

Attitude	Real estate	Own business	Mortgages	Stocks and bonds
Mention advantages . . . . .	66%	54%	49%	43%
Mention disadvantages . . . . .	21	30	39	36
Mention neither advantages nor disadvantages . . . . .	13	16	12	21
	<hr/> 100%	<hr/> 100%	<hr/> 100%	<hr/> 100%

The people who believe that there are disadvantages to investing money in real estate mentioned the following specific misgivings: cost of maintaining real estate properties, uncertainty of their future value, and lowered profits because of taxes (Appendix A, Table 138). Those who prefer business generally do so because it yields high profits; among those who say it is not a good investment, there is rather high agreement that it is "risky."

High profits are considered the main advantage to be gained from investing in mortgage loans; however, investors are almost equally divided

<sup>4</sup> In addition to being asked why they preferred one type over all others, investors were asked about their opinions concerning each type other than the one specified as the most preferable. Most responses were in terms of one specific advantage or disadvantage; therefore only one opinion is coded for each case.



on whether this is a good or poor way to invest money. Most of those who express negative opinions regarding this form of investment say that they personally dislike being in the situation of making mortgage loans or collecting payments and interest, i.e., that the implications of usury make it personally undesirable as a way to earn profits.

Opinions concerning the advantages and disadvantages of investing in stocks and bonds are somewhat ambiguous. People who think this a good way to invest believe that stocks and bonds are both safe and profitable forms of investment, while those who think this is not a good way to invest say it is "risky" because the investor has no knowledge or control of the management of his investment, the corporation might go bankrupt, and so on. In addition, some say that investment in stocks and bonds is not good for the small investor because his money is tied up too long with insufficient gains in the form of interest returns. The clarity of opinions concerning investment in stocks and bonds suffers somewhat from the fact that very few of the people interviewed were sufficiently familiar with this form of investment to express opinions regarding the pros and cons.

It is evident that investors seek to earn maximum profits on their investments, but they also look for assurances of safety and security for their investment capital. Undoubtedly it is to the investor's interest to put his money into investments that combine these two features, if such investments are available to him. (High profits and risk-taking no doubt become somewhat relative in terms of the investor's perception of the comparative rating of both factors among all types of investment open to him. In other words, an investment with relatively high returns and offering maximum safety may be perceived as the best on both counts, even though some other in actual fact returns higher profits per dollar invested.) The problem of attracting "risk" capital for investment in new enterprises makes it important to examine which of the two factors, safety or high profits, is the stronger force in attracting people to specific types of investment. To what extent will investors assume certain risks, passing up what they consider safer investments to put their money into investments earning higher profits?

Investors were asked which of the four kinds of investment was the safest and which paid the highest returns on investment. When opinions as to the safest and most profitable investments are matched with the individual's stated preference for particular investments we find that about the same number prefer the more "risky" but higher paying investments as prefer the "safe" but lower paying investments. There appears to be a sizeable group of potential investors in Puerto Rico who are quite willing to take risks for high profits, and among those preferring business investments profits are clearly the main attraction.

Table 47 suggests that the important question is not primarily whether Puerto Rican capital is available for "risk enterprises" but whether the form of risk-taking investment chosen (retail rather than manufacturing enterprise, for example) is the form suited to optimal development of the Insular economy.

The extent to which an investor will risk capital to increase his level of earnings would be expected to depend partly on the amount of his resources. It is probably advantageous to the high-income investor to put capital into "risk ventures" rather than hold large amounts of non-invested capital; moreover he can probably afford to spread his investments among safe but less profitable, and "risky" but more profitable, enterprises. The low-income investor, on the other hand, may be more pressed to increase his capital assets than a person a little higher on the income scale, and there-

TABLE 47. *Preferred Investments Ranked according to Safety and High Profits*

Rank	Kind of investment preferred*		
	Real estate	Mortgages	Business
Safest and pays highest returns .....	26%	31%	11%
Safest, some other type pays higher returns .....	36	36	0
Pays highest returns, some other type safer .....	14	20	59
Neither the safest nor pays highest returns .....	17	10	17
Not ascertained .....	7	3	13
	100%	100%	100%

\* The group preferring stocks and bonds is too small to be reported in this table.

fore may be more willing to undertake risks to earn high profits. The small number of cases does not permit separate study of groups of investors with varying amounts of resources. However, when we examine investment preferences among the different income classes, preference for real estate, the "safer" form of investment, is somewhat more predominate among the middle-income group than either the low or high-income investors (Appendix A, Table 135). Though not conclusive, the evidence suggests that the middle-income investor is more likely to reject new and "risky" investments, even though high profits are expected, than either the low- or high-income investors.

How do investors view the potentialities of Puerto Rico's industrial development? In the foregoing discussion of current investment and investment preferences it is clear that capital tends to go into investment channels not particularly productive in terms of present economic needs—the demand for real estate investments inflates the price of real estate but adds relatively little to the economic productiveness of the Island. While such

activity results in some employment opportunities in the construction field its effect on the employment problem is probably not as stable or widespread as would be the case with manufacturing enterprises. The tendency to invest in real estate is undoubtedly a real factor in limiting the participation of local capital in the ownership of new manufacturing enterprises.

It is sometimes assumed that the desire to invest in safe and profitable investments would prompt Puerto Rican investors to prefer investments outside of Puerto Rico. In fact, however, 67 % of potential investors believe it would be better to invest in Puerto Rican industry than in outside investments: 18 % prefer investments outside Puerto Rico, and 15 % have no opinion.

Do these opinions reflect what the investor would actually do if faced with the alternatives of investing in Puerto Rican industry or in industry

TABLE 48. *Reasons for Preferring Investment in Puerto Rican Industry\**

Reason	Per cent of investors†
"Easier to check up on what goes on".....	57
"Good for the country, stimulates industrial progress; makes more employment and increases consumer income".....	27
"More profitable" or "possibilities for expansion and increasing profits".....	15
Other.....	13

\* Per cent of those who say it is better to invest in Puerto Rican industry.

† Totals more than 100% as some investors mentioned more than one reason.

outside the Island? Or were people merely saying what they felt they *ought* to believe, in view of the Government's effort to develop Puerto Rico's industrial economy? An examination of the reasons for preferring investments inside or outside Puerto Rico indicate the investor perceives real personal advantages from investment in Puerto Rican industry. Reasons for preferring either Puerto Rican industry or industry outside Puerto Rico generally reflect the desire to invest safely or to earn high profits, which, as mentioned earlier, are the predominate motives in selecting investments. Most of those who prefer Puerto Rican investments to outside investments feel there is more security in investing in enterprises close at hand; about one fourth chose local investments for reasons more closely related to the general economic welfare of the Island (see Table 48).

Those who believe it is better to invest in industry outside Puerto Rico are also concerned primarily with the safety of their investment, but they believe safety is to be achieved in a different way than do those who seek more security through investment in Puerto Rican industry. Outside in-

vestments are thought to be safer because industry is more mature and markets for outside manufacturers are more stable.

TABLE 49. *Reasons for Preferring Investment in Industry outside Puerto Rico\**

Reason	Per cent of investors
"Investment is safer; industry more mature; stable market for goods; business management better"	52
"More profitable"	22
Other	26
	100%

\* Per cent of those who prefer outside investments.

TABLE 50. *Advantages and Disadvantages of Investment in Recent Puerto Rican Industries\**

	Per cent of investors
Advantages	68
Little competition; good market; expanding markets...	10
Tax exemption, or other government backing	23
Profitable (not specified why)	17
Low cost of labor and production; cheap raw materials; free advertising by government	5
Other advantages	32
Not specified	13
	100%
Disadvantages	14
Can't compete with outside producers	22
Can't be sure of investment; too many failures	33
Other disadvantages	35
Not specified	10
	100%
Not ascertained	18
	100%

\* The question was put thus: "As you know, in the past few years there has been quite a large industrial development here in Puerto Rico. Do you think an investor would find it to his advantage or disadvantage to invest his money in some of these manufacturing enterprises? Why?"

Among those preferring to invest in Puerto Rican industry, investment in sugar and manufacturing industries other than sugar are chosen about equally often (Appendix A, Table 141).

Investors seem favorably disposed toward investing in some of the new manufacturing industries developed in connection with the industrial expansion program. We have the question again of how much patriotism is reflected in these opinions and to what extent they reflect what the investor would do if actually making a decision. Opinions concerning advantages to be gained in such investments are somewhat varied; however, a fairly large number assess the advantages in terms of specific local market or production factors, or aspects of government backing, which make it profitable to invest in the new manufacturing enterprises (see Table 50).

The evidence suggests that a favorable attitude exists toward investing and participating in the current industrial development effort, but that a strong offsetting factor is the attractiveness of real estate investments. The amount of present liquid capital which could be invested is relatively small (see discussion in Chapter 1); and as is seen in comparing the ways in which consumers in Puerto Rico and the United States save (Chapter 4), an increase in "pooled" amounts in banks available for investment purposes does not seem likely. This raises the question, can this positive attitude toward investment in Puerto Rican enterprises be translated into some action that will direct more local capital into the industrialization program? There is evidence that investing in Insular Government bonds would be popular (see Chapter 1); in addition, investors generally feel that Puerto Rican manufacturing enterprises would appeal to them if there were some Government guarantee of their investments (Appendix A, Table 142).

However, unless the situation changes, either through limitations being placed on real estate investments, or industrial investments becoming more attractive, it appears that a large proportion of available capital will continue to go into acquisition or maintenance of real estate. On the whole there seems to be little inclination to change from present investments to different forms of investing. Persons now investing in real estate, business, mortgages, or stocks were almost unanimous in saying they were not thinking of changing to another type of investment. About one third said that they would not consider changing under any circumstances, or that they would change only if they had a complete loss in their present investments (Appendix A, Table 144). Although investors appear to have fairly strong personal commitments to present investments, about one fourth said they would change if anything happened to make their present investments less profitable than at present, or if investment opportunities appeared which promised higher profits or other advantages.

We have seen that a sizeable number of people prefer investments in their own business and that substantial sums were invested in this way in 1950. Some of this money undoubtedly went into the expansion of industrial enterprises. But the large majority of businessmen are retailers whose in-

vestments in their own businesses take the form of expansion of inventory, modernized sales facilities, and so on. It is problematical whether much of this investment is as consistent with the well-being of the entire economy as investment in manufacturing enterprise would be. If it is not, the investment in small retail business may be viewed as an additional drain, along with real estate, on potentially more useful capital.

## CHAPTER 6

### THE BUSINESSMAN

In view of the present effort of the Puerto Rican people to improve their economic position through increased industrialization and agricultural production, it is interesting and important to find out something about the relevance of businessmen's motives and activities to this large undertaking. Though many of their actions are determined by events in other sectors of the economy which are in a sense beyond their control, businessmen do have a certain latitude in deciding, for example, whether to raise or lower prices, or whether to expand or contract their business investments, and their decisions, taken together, influence greatly the amount of the economy's resources that will be channelled into new productive enterprise. This in turn affects the level of employment and the volume of goods that will be available for local consumption.

The primary purpose of the present study is to investigate consumer behavior as it relates to individual savings. An adequate study of the factors affecting entrepreneurial decisions would require a separate full-scale research program. However, in the hope that some useful preliminary data could be obtained which would suggest fruitful lines for later research, the 149 businessmen<sup>1</sup> included in the present sample were asked a number of questions concerning the considerations which entered into some of their business decisions.

It has been pointed out in economic writings<sup>2</sup> that much price-setting is done by businessmen on the basis of habitual or traditional practices, and that "rational" decisions based on the expected level of demand or other current market conditions are not so common as had been supposed in traditional economics. In Puerto Rico, a large proportion of the pricing decision seem to be of the "habitual" or "non-rational" variety. Businessmen were asked, "Would you tell me something about how you decide what prices to charge for the items you sell?"

<sup>1</sup> Owners of commercial or manufacturing enterprises.

<sup>2</sup> E.g., George Katona, *Psychological Analysis of Economic Behavior*, McGraw-Hill, 1951.

The large group who set their prices on the basis of a traditional mark-up may have considered market conditions at some time in the past when the margin of profit was originally decided upon, but they do not seem to consider present and expected market conditions.

In general, then, decisions in price-setting appear to follow habitual practices or "established rules of the game." Maximum and minimum price limits are in some cases established outside the control of the individual businessman; however, the evidence suggests that beyond this consideration, decisions tend to be made on the basis of a fairly fixed pattern, one that has been established as a suitable profit margin for selling an item without particular regard to market changes which might make it more profitable to adjust the profit margin. There is some question as to whether

TABLE 51. *Factors Determining Price-setting*

Determining factor	Per cent of businessmen
Retail price established by producer or distributor.....	8
Margin of profit established by law.....	13
Prices of competitors.....	9
Habitual mark-up for particular items without reference to market conditions.....	27
Market conditions: try to maximize profit, considering probable volume of sales at different price levels.....	11
Other considerations.....	5
Not ascertained.....	27
	<hr/> 100%

the practice of adhering to price levels set by competitors is a habitual form of behavior or whether this decision is examined currently on a rational basis. However, the assumption can be made that in the absence of specific reference to other factors operating in the situation this represents a fairly traditional mode of price-setting. Since there is considerable competition among small businesses in Puerto Rico it might be expected that a larger number of business owners would be sensitive to consumer reaction to price levels. Any interpretation of the responses of businessmen shown in Table 51 must, of course, take account of the fact that many factors operating in the final decision on price level are outside the scope of this particular investigation. It is quite possible that there is a more significant tendency to consider consumer reaction than is evident in the small number referring directly to the consumer market, but that there are overriding limitations on the business man's freedom to act on price levels. It is possible to examine this further, however, and determine the extent to which business-



men believe consumers are sensitive to price levels. In general they believe consumers are aware of differential price levels. A majority said they would have more customers if they were to lower the price on some items or to have special sales more frequently (see Table 52).

When discussing the possible effects of lowering prices or running special sales, a good many businessmen remarked spontaneously that they were opposed to this: some felt it was unethical ("loss leaders" being misleading to the customer or unfair to competitors), and others thought it would not be profitable even if it did result in an increase in customers.

As will be seen in Chapter 7, a good many customers are tied to the stores in which they have credit. Others select the stores in which they habitually

TABLE 52. *Anticipated Difference in Number of Customers if Prices Were Lowered*

Difference	Per cent of businessmen
"Would have more customers".....	47
"Would have more customers with an increase in credit accounts".....	3
"More customers but would lose money" or "not find it profitable".....	8
"No change in number of customers" (refers to no competition in community and would not increase, etc.).....	13
"Number would decrease".....	2
"Don't know"; "it depends", or "can't reduce prices" (fixed by law or by producer).....	27
	<hr/> 100%

shop on the grounds that they are conveniently located or that the service is good and the stocks complete. Relatively few seem to shop around for the lowest prices. An understanding of this situation is reflected among the relatively small group of businessmen who say that they do not believe their number of customers would be materially affected by a decrease in their price level. In general, however, it appears possible that many businessmen believe consumers to be more price-conscious than they actually are.<sup>3</sup>

Of interest and some concern in the total problem of increasing the Insular standard of living is the matter of increasing the efficiency of distribution

<sup>3</sup> One word of caution about this conclusion: the customers who were interviewed are the 10% with the highest incomes. The retailers interviewed, on the other hand, have as their customers people at all income levels, including those with incomes under \$2000. The lower income groups may be more price-conscious than the group who were interviewed. At the same time, they are more likely to be restricted to a particular retail outlet where they have credit.

systems. At present, many goods are sold by very small retail establishments which obtain them through several levels of distributors. It has been felt that a change from many marginal small-volume distributors to a smaller number (and fewer levels) of large-volume distributors might result in net savings to the consumer. It is not within the scope of the present investigation to attempt any evaluation of large- versus small-volume business. But it was felt that it might be of interest to learn something about businessmen's willingness to venture into large-volume operations should the opportunity arise.

Businessmen seem to be about equally divided in their preference for small- or large-volume businesses. Of those interviewed, 50 % prefer small-volume business and 44 % prefer large-volume; the preference of the remaining 6 % was not ascertained. While objective factors no doubt play an important part in whether or not a businessman will operate a large- or small-volume business, his personal preference for one type or the other will probably have considerable weight in certain decisions, as, for example, whether to expand his business.

Most of the businessmen who prefer a small-volume business do so because they want to minimize capital risks or because they do not wish to increase the amount they have tied up in inventories and operating expenses. Equally important is the desire to minimize the amount of personal time or effort required to operate the business profitably (Appendix A, Table 145). In general these businessmen seem to prefer rather quick returns on the money they have invested, or to feel that there would be no financial advantages to larger-scale operations. Operating a larger business is seen as requiring larger outlays of capital, which may be difficult to obtain.

Most of these businessmen, moreover, are reluctant to go into larger-scale operations which would require more work and personal attention. Their present operations represent a comfortable way of life, and, for some, the greater burdens of management, beyond their known capacities to organize and supervise, would mean added worries and nervous strain. A good many small businesses are operated with family labor. Expansion might involve employing outside labor which is sometimes seen as involving new and unfamiliar problems in financial management and interpersonal relations.

Those who would prefer a larger business generally believe that such a business would yield higher income, either immediately or in the long run. Very few refer to any personal satisfactions or enjoyment from operating a larger business (Appendix A, Table 146).

We have seen that about half of the businessmen interviewed personally prefer to operate a large-volume business. How do they feel about the possibilities of expansion in their own business? Are they optimistic about their opportunities to make such expansions?

Practically all of the business owners feel there are considerable difficulties in expanding their particular kind of business. The most common difficulty is lack of sufficient capital, either from their own resources or on the credit terms which would permit borrowing for capital expansion (Appendix A, Table 147). Too much competition in their field or lack of consumer purchasing power is another major problem which they see as limiting the possibilities of increasing their sales.

In spite of these barriers to expanding their investments, about one fifth of all business owners are currently planning to expand their business. In most cases such plans are definite, that is, plans have been developed to make such expansion and are not likely to be altered unless something unexpected intervenes. This indicates considerable optimism on the part of the owners about the future of their businesses when viewed in terms of the number who personally prefer operations on a larger scale, and the problems encountered in making such expansions. The number who plan to expand represent almost half of the total number who prefer a larger volume of business.

Further evidence of optimism concerning the future is seen by the number of business owners who increased their capital investments during 1950, either by reinvesting profits or putting new capital into the business (Appendix A, Table 149). About half increased their capital investment. Such investment usually took the form of increasing inventories or adding to building or plant.

Although half of the business owners seem satisfied with small-volume but profitable businesses, there remains a sizeable group who would prefer to operate on a larger scale, and quite a few of these are actually planning and carrying out business expansion. Considering that business investment is generally thought to be less safe than other forms of investment, the findings suggest that there is a group of active businessmen who are not averse to risk-taking for the sake of profit. It has been generally assumed that Puerto Rican capital is timid. Our findings suggest that this is not generally true, at least as far as the willingness to risk money in retail and wholesale trade is concerned. The willingness to risk money in manufacturing enterprise, however, is a different question. Most of the expansion-minded businessmen are engaged in trade and their experience and interests lie in buying and selling, not in manufacturing.

It does not follow that because these businessmen are willing to risk capital in their own businesses they would also be willing to initiate or participate in new manufacturing enterprises. This point will be discussed more fully in the final chapter.

## CHAPTER 7

# THE CONSUMER: SHOPPING HABITS AND ASPIRATIONS

One of the purposes of the present study was to examine the relation of certain consumer shopping habits, practices and aspirations, to the amount of saving (or dissaving) out of current income. The relationship to savings of consumers' decisions to make certain expenditures, their choice of methods of financing purchases, and the attention they give to price levels have been discussed in the preceding chapters.

Why the consumer follows one pattern in shopping and not another and what he aspires to in terms of income level, consumption or saving have interest and importance beyond a direct relation to the amount of income saved. For example, in more routine transactions such as making necessary expenditures for food, consumers may try to maximize economic benefits in their choices of where they will purchase, or such choices may be made for other reasons. Possibly a habitual or regular pattern of action is established at one time but not generally reconsidered on a current basis. The flexibility of such shopping practices is related to the possible acceptance of (or resistance to) new retail distribution outlets. Since possible changes in the pattern of retail outlets are sometimes considered in the effort to effect more economies in the distribution of goods in Puerto Rico, consumer shopping habits are of considerable interest.

A majority of the consumers in Puerto Rico who have incomes of \$2000 or more shop at small neighborhood stores for most of the food items they buy (see Table 53).

The families with incomes near the \$2000 level are particularly given to shopping at small stores. Upper-income people, primarily professional and managerial people, are the ones who make up the clientele of the Plaza Provision, Praco, and other large stores (Appendix A, Table 152).

It might be expected that some consumers would choose to patronize large stores on the grounds of certain presumed advantages of large-scale distribution (lower prices due to large-volume buying, or fresh goods because of large-volume sales and constant replacements). But when con-

sumers were asked their reasons for patronizing large or small stores, they very seldom mentioned any advantages or disadvantages of large stores as such or of small stores as such. Instead, they were concerned with the virtue of particular stores with which they had had experience, and did not seem to consider the merits of different kinds of retail distribution systems. The advantages of an individual store, then, rather than the advantages of the class of store it represents, are most commonly given as the reason for patronizing a particular kind of store. However, some people do consider factors which are related to the class of store, such as the fact that they prefer a store which carries a variety of items and certain quality items (Appendix A, Table 153).

Selecting a store because of its characteristics as a retail outlet rather

TABLE 53. *Kind of Food Store Preferred by Consumers*

Kind	Per cent of Consumers
Large store entirely.....	20
Large store and market.....	2
Large store and vendors.....	1
Small store entirely.....	42
Small store and market.....	12
Small store and vendors.....	4
Wholesale and others.....	5
Vendor, ventorillo, or other combinations of kinds of stores.....	5
Own food store or no purchases made.....	9
	100%

than for reasons relating to it as an individual store is more common among those who shop at large stores than among those who shop at small stores. People who shop at large stores do so primarily because of the large stock of items from which they can select or because of the quality of goods, whereas those who buy at small stores do so because they are more conveniently located or because less time and effort are required for shopping (Appendix A, Table 154).

To what extent do consumers shop around from store to store for the most advantageous buys in food? After once making the decision as to where routine food purchases will be made the majority of consumers continue to shop at one particular store. Consumers were asked, "Do you usually buy food at the same place or do you shop around and sometimes buy in one store and sometimes in another?", and as may be seen in Table 54, usually shop at a single store.

Buying at the same store regularly is equally common among all groups

in the community (Appendix A, Table 155). That this is the typical pattern of shopping for necessary food purchases suggests that routine purchases usually do not involve current decision-making by the consumer (at least not in the sense of comparison shopping), but follow more or less habitual patterns. In examining the reasons why people shop at one place it appears that, whether or not the action is from force of habit or is reconsidered currently, most consumers see some specific personal advantages to be gained from patronizing a particular store. Credit and convenience in making purchases are the most usual specific advantages to be gained.

With low-income families, being able to buy food on credit is the predominate reason for continuing to shop at one particular store. While high-income families (except those with very large incomes) like to shop where they can buy on credit, certain conveniences such as shopping by phone, having purchases delivered, and shopping near their homes or places

TABLE 54. *Consumer Preference for One Store or for Several*

Preference	Per cent of consumers
Always buy at the same store.....	64
Almost always buy at the same store.....	3
Shop around at different stores.....	27
Do not purchase food (have prepared food sent in; have meals in restaurants or with relatives).....	5
Not ascertained.....	1
	<hr/> 100%

of work are equally important to them. Very few shop at one place because they believe they get better prices there than at other stores. Self-employed people attach less importance to being able to obtain credit where they shop than others (Appendix A, Table 156).

The fact that prices are by no means the controlling factor in determining the choice of the store where people shop is further indicated by the fact that most people do not believe prices are lower at the store where they shop than they are elsewhere. Low-income people are less likely to see any difference in the prices of food items among different stores than are high-income people, who more often believe they pay lower prices. Low-income families, on the other hand, tend to believe that prices are about the same or do not know how they compare (Appendix A, Table 157).

The strength of attachment to a particular place for shopping is evidenced by the number who say they have never considered shopping at other places for food items. A sense of personal obligation to a store-owner and reluctance to give up some of the conveniences of shopping at a partic-

ular store are factors that hold people to the same store even when they have at one time or another considered changing to other stores.

It is sometimes assumed that buying commodities by brand label becomes habitual, and that, particularly in making routine purchases, people generally do not try new or different brands if the usual brand is available. The extent to which this occurs may be related to the initial motivation in

TABLE 55. *Reasons for Preferring One Food Store*

Reason	Per cent of those who shop at one store*
Can get credit.....	30
Convenient to buy there (store is near; store will send for list of items and deliver; can order by phone, etc.).....	27
Prefer to shop where known personally; good treatment by owner.....	20
Variety and quality of products.....	14
Have ties of blood or friendship with owner of store.....	10
Prices are cheaper.....	9
Owner will obtain hard-to-get items for regular customers..	4
Buy at own store; or member of consumer cooperative.....	10
Not ascertained.....	1

\* Totals more than 100% as some persons mentioned more than one reason for shopping at one particular store.

TABLE 56. *Consumer Attitude toward Prices at Food Store Patronized*

Attitude	Per cent of food buyers
Its prices higher than other stores'.....	12
Its prices about the same as other stores'.....	58
Its prices lower than other stores'.....	23
No opinion on comparative prices.....	4
Not ascertained.....	3
	100%

selecting such brands or the extent of reinforcement through advertising. People were asked whether they usually buy the same brand of canned foods. Over half usually buy the same brand and an additional small group sometimes buy the same brand. About one third do not buy by brand label at all.

What are some of the buying practices that might indicate economies or saving? Our investigation of this area, though not extensive, does include some information concerning consumer actions which might affect the total

amount consumers spend for food and clothing and for household durable items. All people interviewed were asked whether they usually buy canned or frozen vegetables (which are imported and relatively expensive) and whether they make clothing in the home or buy it ready-made. Only about one fourth buy substantial amounts of canned or frozen vegetables; most buy fresh vegetables grown in Puerto Rico (Appendix A, Table 158). The study did not investigate preferences, but it is likely that such vegetables

TABLE 57. *Consumer Attitude toward Shopping at Food Store Other than That Patronized*

Attitude	Per cent of those patronizing only one store
Have never thought of doing so .....	82
Have thought of doing so .....	10
Not applicable: shop at own store .....	7
Not ascertained .....	1
	<hr/> 100%

TABLE 58. *Consumer Preference for Same Brand of Canned Foods*

Preference	Per cent of consumers
Always buy the same brand .....	29
Almost always buy the same brand .....	30
Sometimes buy the same brand .....	6
Never buy any particular brand .....	30
Never buy canned foods .....	4
Not ascertained .....	1
	<hr/> 100%

are preferred as much because they are fresh and home grown as because they are cheaper than canned or frozen vegetables.

Clothing is seldom made in the home among families in the income groups included in the study. About one third make part of their clothing, (Appendix A, Table 159). Almost all of those who make their own clothing do so because it is cheaper than buying ready-made.<sup>1</sup>

As is discussed in Chapter 3, large items such as stoves, refrigerators, and furniture are commonly financed through installment credit. About one third (much less than the number who actually use installment credit) per-

<sup>1</sup> Because of the small number who buy canned vegetables and who make their own clothing it was not possible to establish clearly whether these actions represent economies in shopping and are related to amount of net saving.



sonally prefer to use this method of financing durable purchases rather than to wait until they are able to pay cash for such purchases. Those preferring to buy durable goods on installment credit indicate they prefer this method because of the convenience of making small payments at regular intervals or because of the long time it would take to save the necessary cash. Most

TABLE 59. *Stated Preference for Buying in Installments or Paying Cash*

Preference	Per cent of spending units
Prefer to buy on installment plan . . . . .	33
Prefer to wait and pay cash . . . . .	66
Preference not ascertained . . . . .	1
	<hr/> 100%

TABLE 60. *Estimate of Optimum Income*

Amount needed	1950 Income					
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more	All units \$2000 or more
Less than present income	4%	8%	7%	10%	32%	10%
Same as present income	13	17	26	43	34	23
More than present income						
Per cent increase						
5-24 . . . . .	12	17	14	16	7	15
25-44 . . . . .	18	25	20	15	7	19
45-64 . . . . .	19	12	12	10	9	12
65-104 . . . . .	21	16	10	6	2	14
105 or more . . . . .	11	5	8	0	0	5
Not ascertained . . . . .	2	0	3	0	9	2
	<hr/> 100%	<hr/> 100%	<hr/> 100%	<hr/> 100%	<hr/> 100%	<hr/> 100%

of those who think it is better to wait until they can pay cash for purchases feel they save by not having to pay interest charges or by being able to buy the same articles at cheaper prices (Appendix A, Table 161).

We have seen that few consumers shop around for lower prices in their day-to-day purchases of food. There is some evidence, however, that at least some consumers attempt to get maximum value for their money by watching for low prices on postponable kinds of expenditures. People were asked whether they believed it was better to buy needed items now or to postpone purchases. Opinion was about equally divided between those who

believed that now is a good time to buy and those who believed it would be better to postpone purchases. The reasons given for buying now or postponing were very often price-oriented reasons: about a fourth of those who

TABLE 61. *Anticipated Uses of Additional Income*

Uses	1950 Income					
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more	All units \$2000 or more
For food, clothing, medical care or other basic needs.....	47%	45%	30%	10%	9%	33%
For payment of debts or reduction of borrowing.....	10	10	16	7	6	10
For investment in property or business, or liquid savings.....	41	33	37	24	22	32
For consumption, other than basic necessities (car, furnishings, travel, etc.)....	33	33	31	26	22	29

TABLE 62. *Anticipated Uses of Lottery Winnings\**

Uses	Per cent of spending units†
For purchase (or down payment) on real estate, or investment in farm.....	38
For investment in own business or new business.....	19
For payment of debts (including mortgage debt).....	20
For purchase of furnishings or car.....	9
For aid to relatives; gifts; charity.....	5
For current household or medical expenses.....	4
For other kinds of expenditures.....	7
Not ascertained.....	2

\* People were asked, "Suppose you won one of the \$1000 lottery prizes. What do you think you would do with it?" In the case of families with incomes of \$25,000 or more, the amount mentioned was \$5000 rather than \$1000.

† Totals more than 100% as some respondents mentioned more than one way in which they would use lottery winnings.

felt it would be better to postpone purchases held this view because they thought prices would be lower later on. Over a third of those who advocated buying now did so on the grounds that prices would be higher later (Appendix A, Table 163). We see therefore that a substantial number of people (nearly a third) in the income levels above \$2000 behave as Economic Man is supposed to behave: they time their postponable purchases according to

their expectations of market developments. There are others, however, whose purchasing behavior is less clearly based on taking advantage of optimum market conditions: they may postpone buying on the grounds that present prices are "too high," without any explicit expectation that prices will be lower later.

We have been discussing the extent to which consumers attempt to maximize the purchasing power of their incomes by practicing economies and adapting themselves to market conditions. Presumably, the savings of an individual family will be determined to some extent by these factors, and indeed we have seen in Chapter 4 that people who are price-conscious tend to save somewhat more than others at the same income level. There is another aspect of the psychology of the consumer which deserves consideration, one which has a very important bearing on how the consumer will allocate his disposable income to expenditure and savings: namely, the standard of living to which the consumer aspires.

We have seen earlier that the people just over the \$2000 level of income more often buy durable goods than their counterparts in the United States. They must resort to the use of installment credit to make these purchases, and as a consequence they carry a higher level of current debt than people of similar income in the United States. Their high volume of purchasing suggests a considerable feeling of pressure to increase their standard of living, and this is borne out by their answers to the question, "About how much money do you feel you would need in a year for your family to have the things they want and need to live comfortably?" The lower income group have a considerably higher level of economic aspiration, relative to their present income, than the high-income families. People with large families or many dependents and the middle-aged, are especially likely to feel they need considerably higher incomes (Appendix A, Table 164).

People were asked what they would do with the additional income they felt they needed. As may be seen in Table 61, low-income families would like to increase expenditures in almost all areas—necessities, "luxury" expenditures, and investments—whereas high-income people would either increase their luxury expenditures or save or invest the money. This is not surprising, since the high-income people would be expected to have satisfied their needs for basic consumption items to a much greater extent than low-income people. When people were asked what they would do with the money if they won a considerable amount in the lottery, they emphasized investment as the way they would prefer to use the money.

Lottery winnings are evidently viewed in a different light from possible increases in income. In the first place, the lottery winnings specified in the question were larger in amount than many of the income increases people

discussed, and would be received in a lump sum. They would therefore be more suitable for investment in a business, say, than would small sums received piecemeal over a period of time. Then, too, income is looked upon as money which is ordinarily budgeted for current expenses, while lottery winnings have a windfall character which makes them seem more suitable for uses outside the normal family expenditure pattern.

## CHAPTER 8

# SUMMARY AND DISCUSSION

The following findings are based upon interviews with the heads of 630 families. The interviews were taken in March and April, 1951. The sample is representative of all the families in Puerto Rico with incomes of \$2000 or more. These families constitute approximately 10 % of all the Island's families, and are mainly white-collar, business and professional people, the large majority of whom live in urban areas. The financial data refer to the year 1950.<sup>1</sup>

1. The economy of the upper-income groups in Puerto Rico is a saving economy. Nearly two thirds of the people with incomes of \$2000 or more saved something from their incomes in 1950. The median amount saved by this group was \$567.

2. There is little or no difference between Puerto Rican families and United States families of similar incomes in the relative number who saved or in the amounts saved in 1950.<sup>2</sup>

3. In Puerto Rico, the people who saved during 1950 saved a very much larger total amount than was dissaved (borrowed or drawn out of previ-

<sup>1</sup> It should be borne in mind that the findings on which these conclusions are based refer to the calendar year 1950. How similar the picture would be for other years is an open question. The outbreak of the Korean war may have influenced somewhat the financial situation of families both in Puerto Rico and the United States, although price increases resulting from the war were not reflected at the consumer level until the latter part of 1950 and consequently would have had little direct effect on the amounts saved during the year. Possibly decisions concerning investments and consumer purchasing were affected, with some impact upon savings. In any case, the question of whether the volume of individual savings would be greater or less in a more "normal" year is one which can only be answered by repeated studies over time.

<sup>2</sup> The summary contains a number of comparisons between Puerto Rico and the United States. How meaningful these comparisons are depends to some extent on the cost of living in the two places. Studies conducted by the Bureau of Labor Statistics indicate that the cost of living in Puerto Rico is very similar to that in the United States, with a slight but consistent difference in the direction of higher costs in Puerto Rico.

ously accumulated assets) by those who spent more than their incomes.<sup>2</sup> Thus, the group studied improved their financial condition considerably through their net additions to various forms of savings in 1950.

4. Within the income range studied, people with high incomes saved considerably more than people with low incomes. In fact, those with incomes of \$7500 or more accounted for three fourths of all the savings accumulated by families with incomes of \$2000 or more.

5. The *forms* of saving in Puerto Rico differ considerably from those in the United States. Puerto Ricans more often save through investments in real estate or business (usually the investor's own business), and less often put money into life insurance. In the United States, additions to and withdrawals from liquid assets are more common as forms of saving and dissaving than in Puerto Rico. In Puerto Rico, this form of financial activity seems to be replaced to some extent by borrowing and repayment of debt, both of which are more common at all income levels than in the United States.

6. The fact that Puerto Rican families save, on balance, is not accounted for (except in some individual cases) by the fact that they put large amounts into debt repayment. In 1950, consumer indebtedness increased. That is, new borrowing exceeded repayments of old debts. As a group, the spending units with incomes of \$2000 or more saved more than enough in other forms (real estate, business investment, insurance and retirement funds) to offset the net dissaving represented by increasing consumer indebtedness.

7. Puerto Ricans carry a considerably larger volume of current debt than people of similar incomes in the United States. They make greater use of installment borrowing when they buy durable goods, and nearly half the families with incomes of \$2000 or more borrowed money from banks or loan companies during 1950—a considerably greater proportion than in the United States. Borrowers commonly pay about 7 % interest on personal loans—a lower rate than is generally believed to be current.

8. Puerto Ricans have few accumulated liquid assets. Nearly half the families with incomes of \$2000 or more have no liquid assets of any kind, and those who do have some have much smaller amounts, on the average, than their counterparts in the United States.

9. Puerto Rican families who do have liquid assets generally hold them in the form of savings or checking accounts in banks. Holdings in the form of United States savings bonds are rare: only 12 % of Puerto Rican families have such bonds, as compared with approximately half of the United States families of similar income.

10. Half of all families in Puerto Rico with incomes of \$2000 or more

<sup>2</sup> The net amount saved by savers was almost five times as great as the net amount dissaved by dissavers.

bought at least one major durable item for their households in 1950. As many people in the low income brackets (\$2000-\$3000) bought at least one item as those at the higher income levels—a situation quite different from that in the United States where the frequency of purchases increases steadily with income. People at the \$2000-\$3000 level in Puerto Rico buy durable goods much more frequently than people of similar income in the United States.

11. The study provides some evidence that there is a considerable gap between the “well-to-do” in Puerto Rico and those of moderate income (\$2000-\$4000). There is a large group with moderate incomes, and a sizeable group with incomes of \$7500 or more, while the number at the intermediate levels is low, relative to the number of middle-income families in the United States. The top-heavy nature of the income distribution is indicated by the fact that the *median* income of the families included in the study is \$3550, while the *mean* income (arithmetic average) is \$6170. A further indication of the gap between those of high and those of moderate income is the value of the houses in which these families live: they seem to be either low in value (under \$5000) or substantial (\$10,000 or more), with very few houses valued by their owners at the intermediate amounts.

These findings are in marked contrast to the United States, where most indices of economic status show a large number of people at the middle positions and a fairly smooth falling off in the number of people at the upper end of the scale.

12. Puerto Ricans at the \$2000-\$4000 income level feel themselves to be under considerable financial pressure to maintain what they believe to be a suitable standard of living. Their “economic aspiration level” is very high. In Puerto Rico, the old maxim of “the more you have the more you want” is not borne out—it is the people of moderate income who want most, relative to their present economic position.

The original purpose of this research was to study the savings of the upper-income segment of Puerto Rico, with a view to learning something about the potentialities for the accumulation of a local pool of capital. What are the implications of the findings for this problem?

First of all it appears clear that although Puerto Ricans save considerable amounts, they do so in forms which do not lend themselves to the formation of capital for industrialization. They deposit little in bank accounts and therefore the banks have limited amounts for investment in local industry (assuming that they would choose to use the money in this way). Most people seem to want not a liquid fund but a piece of property: to own their own homes, and beyond that, to acquire investment property. Large amounts are poured into real estate investment, and from the standpoint of the total economy, this is unproductive: it serves to inflate the

real estate market, and channels very little into new production. Of course, whatever real estate investment involves new building does stimulate the local building trades and create demand for building materials, but many of these materials are imported, and consequently do not provide the kind of stimulus to new local investment that is needed.

On first thought it might appear that the marked tendency to invest money in individual businesses would constitute a step in the direction of industrial expansion. But the businesses into which this money goes are for the most part small retail businesses: furniture stores, grocery stores and the like. While Puerto Rico needs investment in her system of retail distribution, it is doubtful whether the expansion of individual small retail outlets will provide the best solution, and in any case the money does not go into the building of new industrial capacity for the island.

Hoselitz' study on the development of entrepreneurship at the time of the industrial revolution indicates that at that time, there were two groups in the population who had money which they could have invested in industrialization: the money lenders and the traders (those who bought and sold the available retail goods). His study reveals that these two groups were *not* the ones who provided the impetus for industrialization: they had no interest in investment in manufacturing enterprise and no managerial skill in this field. The managers and developers of manufacturing industry came instead from the ranks of the skilled artisans, who had the rudimentary "know how" and engineering interest which permitted them to solve production problems. They were handicapped, so Hoselitz says, by the fact that they were considered "workmen," inferior to the traders and other dominant groups in society. This low status of manufacturing may have been one factor limiting the amount of participation in the growing industrial enterprises by the already established leading financial groups.<sup>4</sup>

Will Puerto Rico recapitulate this history in the course of her industrialization, or are there new factors present in her situation which will bring about fuller participation by her businessmen and financiers?

Let us consider first the factors which may limit the participation of the upper-income people in industrialization, and then turn to the factors which would facilitate such participation.

The first limiting factor is the attractiveness of alternative forms of investment. The businessmen who are in a risk-taking frame of mind, ready to embark on large-scale enterprise (and there are many such in Puerto Rico) seem to be primarily interested in expanding their existing businesses, or, in a few cases, in entering a new field of retail trade. At the present time few of them have any plans for organizing new manufacturing enterprises

<sup>4</sup> Dr. Hoselitz is in the Department of Economics at the University of Chicago. The study referred to was reported at the meeting of the American Psychological Association, in September 1951.



or investing their money in such enterprises.<sup>5</sup> They have found investment in their customary forms of business enterprise to be profitable and they feel they are familiar with the problems involved in the management of such businesses so that they can personally safeguard their investments. It will be difficult for new manufacturing enterprise to attract the money which is currently being put into the expansion of small retail businesses.

Real estate investment is the other large competing attraction for funds. It is considered to be both safe and profitable, and recent experiences with buying and selling property on a rising market have undoubtedly strengthened its attractiveness. Real estate is likely to remain, then, a very strong competitor for investment funds, unless it were to become less attractive through a marked change in existing conditions, for example, a drop in property values or increases in taxes on capital gains in the re-sale of houses.

A second major problem in the accumulation of investment capital by Puerto Rico's upper-income families is the high volume of consumer debt. Undoubtedly, the use of credit up to the present time has had many beneficial effects in the Puerto Rican economy: it has stimulated business activity in general and has permitted advances in the standard of living of individual families who would not have been able to buy needed items otherwise. In addition, families who have had to resort to costly borrowing previously have been provided with more favorable credit facilities (co-operative credit unions, Government Savings and Loan fund, and so on) which limit the drains on income imposed by interest charges. Nevertheless, from the standpoint of accumulating capital for industrial expansion, the widespread use of consumer credit has certain disadvantages. First of all, capital which might be available for industrial investment is tied up in loans to consumers to finance nonproductive expenditures. Moreover, many families cannot save in ways which contribute to the accumulation of investment capital, because their incomes are committed to the payment of debt incurred in consumption expenditures.<sup>6</sup>

<sup>5</sup> It must be borne in mind that the sample of businessmen in the present study is small, and consequently the findings on these points are not conclusive, but only suggestive.

<sup>6</sup> It might be noted here that families who carry a high current level of debt (borrowing currently to repay previously incurred debts) save considerable amounts in the form of debt repayment, but they do their saving *after* expenditure rather than before. If they saved money (in checking or savings accounts) before spending it for durables, this money might be available for investment, if financial managers felt the accumulated funds were stable enough to justify investment. Thus it is possible that families could contribute something to investment capital even if they continued their present level of expenditures and did not increase their net amount of saving, once they got off the treadmill of debt and saved for major expenditures before rather than after making the purchases.

It should be recognized, of course, that if a campaign were to be successfully undertaken to persuade people to pay up old debts and limit their new borrowing in order to get their finances on a more currently solvent basis, there might be certain detrimental effects on the Island's economy during the transition period: purchasing of durable goods would drop off somewhat, at least temporarily, and the resulting slump in retail business would probably reverberate through all levels of the economic life of the Island.

We have seen that the families of moderate income (\$2000-\$4000) have a high level of economic aspiration, and that they buy large quantities of consumer durable goods in an effort to raise their standard of living, even when they must involve themselves in large debts to do so. The implications of this fact for the problem of capital accumulation are difficult to assess. The people with incomes of \$2000 and over are a very different group sociologically in Puerto Rico from their counterparts in the United States, where approximately half of this income group are working people in the skilled, semi-skilled, and unskilled occupations. In Puerto Rico, only 19 % are in these occupations, and the \$2000-\$4000 income bracket is made up very largely of people in white-collar occupations. This may mean that in Puerto Rico the people at the \$2000-\$4000 income level identify themselves with a way of life which is very difficult for them to attain with their existing incomes. It is probable, then, that even if these people were free of debt, they would be under much pressure to spend most of their money and save very little of it, and that they would contribute little to capital pools unless they could be drawn into a system of contractual savings which would promise them some increase in their status in the not-too-distant future.

Last among the factors limiting investment in local industry is inertia or habit. People have little experience with stocks or bonds and frequently think that investment in these forms should be left to the experts. They have a feeling of security about the kinds of financial transactions they are accustomed to and have a strong tendency to continue along habitual lines unless something strongly impels them to change. Of course, if ever they did begin buying local industrial securities in some regular way, the force of habit would work for rather than against the accumulation of investment capital.

We have been discussing the factors which limit the participation of Puerto Rico's upper-income families in her industrialization. Let us now consider the factors which, either actually or potentially, facilitate their participation.

The desire to save is strong among Puerto Rican families: a high value is placed upon providing for the future, and many advantages are seen in accumulating enough capital to acquire income-producing assets. We sus-

pect the desire to save is strong enough, in many cases, to compete successfully with "luxury" spending, if the opportunity to save conveniently is provided.

People indicate that if they had money to invest in industry (through the purchase of industrial securities) they would much prefer investing in Puerto Rican industry to investing in industry elsewhere. This preference is partly motivated by the desire to help in local industrial expansion, and partly by the hardheaded business belief that it is best to invest one's money where one can keep an eye on it.

Indicating considerable potential participation in financing Puerto Rican industry is the fact that when people were asked how they would feel about buying bonds issued by the Government of Puerto Rico (presumably small-denomination bonds similar to the United States savings bonds) a large majority indicated that they would be interested in buying such bonds. There seems to be confidence that such investments would be safe.

Despite the strong attractions of investment in retail business enterprise and real estate, there are some people who feel that these investments require "know-how" which they do not possess—who fear that they would not know how to distinguish between ventures which were too risky and those which were safe. These potential investors could be attracted by insular investments which would be managed for them by experts in whom they had confidence.

In view of the above discussion, what steps can be taken to interest the Island's upper-income families in contributing to the financing of Puerto Rico's industrialization?

There has been some discussion of issuing insular bonds. The finding of the present study suggest that this would be a very promising undertaking indeed. Research done in the United States on the bond campaigns there has indicated that it is of the greatest importance to incorporate payroll deduction plans into a bond-selling campaign, so that saving can be accomplished regularly and automatically without the consumer's having to make a new decision to save every time he receives a paycheck. Indications from the present study are that having a payroll deduction plan would be equally or more important in Puerto Rico. Experience in the United States suggests that many persons initially became bond purchasers during the second world war through patriotic appeals backed up by efforts to make it convenient for them to purchase bonds. This experience has some implications for Puerto Rico. Possibilities may be very good that the expressed positive attitude toward purchasing Insular Government bonds can be translated into action through patriotic appeals directed at aiding and investing in Puerto Rico's economic expansion, provided, of course, that adequate measures are taken to facilitate the purchase of such bonds.

Puerto Rican investors are interested in *safe* investments, and the indications are that they would consider insular bonds safe. However, they are also interested in the amount of return they will get on their money, and many of them have had experience with forms of investment which provide fairly substantial rates of return. It is possible, therefore, that some investors (not the majority, but possibly those with the largest amounts to invest) might be more interested in shares of an investment trust fund which held a diversified portfolio of the stocks of several insular industries than they would be in fixed-value bonds. Such shares would provide better protection against inflation than fixed-value bonds, and would offer the possibilities of a higher rate of return.

Selling some form of securities in new Puerto Rican industries would provide potential investors with a concrete opportunity to participate in the industrialization program. It appears to be highly important to provide such opportunities, for there is reason to believe that at present people who would be interested in participating do not know specifically what part they can play, and consequently feel that they can only continue in the role of spectator.

Potentially there are two ways in which an individual can participate in the industrialization program: by investing money in new industry, and by actually organizing and managing such an industry. The first kind of participation, of course, can be much more widespread than the second. The present study does not provide a clear picture of how the two kinds of potential participants view the industrialization program and their own role in it: a research project studying these two groups in more detail would be very fruitful. Do people believe that they must make large initial investments in the actual management of new enterprises in order to participate in the program? Are any individuals deterred from attempting to organize new industries by a feeling that they lack certain technical or managerial skills? If so, how would they react if technical and managerial help were made available to them? To what extent do they feel that the industrialization program is something of, by, and for outsiders? It is clearly important to have the answers to these questions if Puerto Rico is to mobilize for its industrialization program the same high level of imagination, skill and effort which the Puerto Rican community has brought to bear on other central problems.

APPENDIX A.

**SUPPLEMENTARY TABLES**

**TABLE 63. Characteristics of Spending Units in Puerto Rico with 1960 Incomes of \$2000 or More**

Characteristic of spending unit	Per cent of all spending units	Number of cases
<i>Amount of Income</i>		
\$2000-\$2999	33%	207
\$3000-\$3999	25	159
\$4000-\$4999	12	76
\$5000-\$7499	16	99
\$7500 and over	14	89
	100%	630
<i>Occupation of head of spending unit</i>		
Professional or semi-professional	20%	125
Managerial	31	197
Clerical or sales	21	133
Labor	19	120
Retired or un-employed	8	50
Occupation not ascertained	1	5
	100%	630
<i>Type of employer of head of spending unit</i>		
Private Industry	29%	186
Government	31	193
Self-employed	31	197
Retired or unemployed	8	50
Type of employer not ascertained	1	4
	100%	630
<i>Kind of industry in which head of spending unit employed</i>		
Agriculture	6%	38
Manufacturing	6	38
Commercial	26	159
Banking and other financial institutions	2	11
Transportation, communication and public utilities	5	32
Services (other than Government)	16	102
Government	30	193
Retired or unemployed	8	48
Classification of industry not ascertained	1	9
	100%	630

TABLE 63. *Continued*

Characteristic of spending unit	Per cent of all spending units	Number of cases
Number of wage earners in spending unit		
One.....	67%	423
Two.....	29	179
Three or more.....	4	27
Number not ascertained.....	0	1
	100%	630
Number of persons in spending unit		
One.....	3%	20
Two.....	11	67
Three to five.....	60	375
Six or more.....	26	168
	100%	630
Age of head of spending unit		
18-24.....	2%	15
25-34.....	24	148
35-44.....	32	201
45-54.....	23	146
55-64.....	14	84
65 or over.....	5	33
Age not ascertained.....	0	3
	100%	630
Location of spending unit—Urban-Rural		
Urban City.....	19%	122
Urban Barrio.....	54	337
Rural Town.....	12	76
Rural Barrio.....	15	95
	100%	630
Education of head of spending unit		
0-8 years.....	38%	241
9-12.....	28	174
More than 12.....	33	210
Education not ascertained.....	1	5
	100%	630

TABLE 64. *Per Cent of Spending Units in Occupational, Age, Educational, and Size-of-family Groups Who Are in Each Income Class*

1950 Income	Occupation of head of spending unit				
	Professional	Managerial	Clerical and Sales	Labor	Retired or unemployed
\$2000-\$2999 .....	18%	22%	38%	55%	46%
\$3000-\$3999 .....	24	18	31	32	25
\$4000-\$4999 .....	13	14	12	9	11
\$5000-\$7499 .....	26	18	14	4	13
\$7500 or more .....	19	28	5	—	5
	100%	100%	100%	100%	100%
	Kind of employer				
	Private industry	Government	Self-employed		
\$2000-\$2999 .....	43%	32%	20%		
\$3000-\$3999 .....	25	30	22		
\$4000-\$4999 .....	11	14	12		
\$5000-\$7499 .....	13	19	15		
\$7500 or more .....	8	5	31		
	100%	100%	100%		
	Age of head of spending unit				
	18-34	35-44	45-54	55 or more	
\$2000-\$2999 .....	33%	32%	35%	32%	
\$3000-\$3999 .....	29	25	24	21	
\$4000-\$4999 .....	10	16	8	13	
\$5000-\$7499 .....	18	16	12	16	
\$7500 or more .....	10	11	21	18	
	100%	100%	100%	100%	
	Education of head of spending unit				
	0-8 years	9-12 years	College		
\$2000-\$2999 .....	46%	37%	15%		
\$3000-\$3999 .....	24	34	20		
\$4000-\$4999 .....	11	11	14		
\$5000-\$7499 .....	7	12	27		
\$7500 or more .....	12	6	24		
	100%	100%	100%		

TABLE 64. *Continued*

1950 Income	Number of persons in spending unit			
	One	Two	Three to Five	Six or more
\$2000-\$2999 . . . . .	55%	28%	29%	40%
\$3000-\$3999 . . . . .	20	24	25	27
\$4000-\$4999 . . . . .	5	13	12	13
\$5000-\$7499 . . . . .	5	18	19	9
\$7500 or more . . . . .	15	17	15	11
	<hr/> 100%	<hr/> 100%	<hr/> 100%	<hr/> 100%



TABLE 65. *Characteristics of Spending Units in Each Income Group*

Characteristic	1950 Income				
	\$2000- 2999	\$3000- 3999	\$4000- 4999	\$5000- 7499	\$7500 and over
Occupation of head of spending unit					
Professional.....	10%	19%	21%	33%	27%
Managerial.....	21	23	36	36	63
Clerical and sales.....	25	26	21	19	7
Labor.....	32	24	14	5	0
Retired or unemployed.....	12	8	8	7	3
	100%	100%	100%	100%	100%
Type of employer of head of spending unit					
Private industry.....	38%	30%	26%	25%	17%
Government.....	30	37	36	37	11
Self-employed.....	20	27	31	29	69
Retired or unemployed.....	12	6	7	7	3
Type of employer not ascertained.....	0	0	0	2	0
	100%	100%	100%	100%	100%
Age of head of spending unit					
18-24.....	4%	4%	1%	0%	0%
25-34.....	22	26	20	30	18
35-44.....	31	32	42	34	25
45-54.....	25	22	16	17	34
55-64.....	15	12	13	12	13
65 or over.....	3	4	7	7	10
Age not ascertained.....	0	0	1	0	0
	100%	100%	100%	100%	100%
Number of persons in spending units					
One.....	6%	3%	1%	1%	3%
Two.....	9	10	12	12	12
Three to five.....	52	59	58	72	65
Six or more.....	33	28	29	15	20
	100%	100%	100%	100%	100%
Urban or rural					
Urban.....	70%	71%	71%	75%	83%
Rural.....	30%	29%	29%	25%	17%
	100%	100%	100%	100%	100%

TABLE 66. *Comparison of Type of Employer and Age of Head of Spending Unit in Different Educational Groups*

	Education of head of spending unit			
	0-3 years	4-8 years	9-12 years	Over 12 years
Type of employer				
Private industry.....	19%	33%	32%	29%
Government.....	11	13	38	46
Self-employed.....	52	43	23	21
Retired or unemployed.....	18	11	7	4
	100%	100%	100%	100%
Age				
18-34.....	2%	10%	43%	32%
35-44.....	17	30	37	34
45-54.....	25	30	17	22
55 years or more.....	56	30	3	12
	100%	100%	100%	100%

TABLE 67. *Characteristics of Spending Units in Each Class of Employment*

Characteristic	Type of employer of head of spending unit		
	Private industry	Government	Self-employed
Occupation of head of spending unit			
Professional.....	16%	35%	13%
Managerial.....	17	15	71
Clerical and sales.....	37	28	6
Labor.....	30	22	10
	100%	100%	100%
Age of head of spending unit			
18-34.....	30%	34%	14%
35-44.....	34	39	30
45-54.....	27	18	26
55 years or more.....	9	9	30
	100%	100%	100%
Urban or Rural			
Urban-City.....	17%	15%	25%
Urban-Barrio.....	61	60	44
Rural-Town.....	6	15	12
Rural-Barrio.....	16	10	19
	100%	100%	100%

TABLE 68. *Size Distribution of Holdings in Each Form of Liquid Assets*

United States savings bonds	
1-\$99.....	4%
\$100-\$299.....	2
\$300-\$499.....	2
\$500-\$999.....	2
\$1000-\$2999.....	1
\$3000 and over.....	1
None.....	88
	100%
Savings accounts (including postal savings)	
\$1-\$49.....	7%
\$50-\$199.....	5
\$200-\$499.....	7
\$500-\$999.....	4
\$1000-\$2499.....	4
\$2500 and over.....	4
None.....	69
	100%
Checking accounts	
\$1-\$49.....	2%
\$50-\$199.....	4
\$200-\$499.....	10
\$500-\$999.....	6
\$1000-\$2499.....	4
\$2500 and over.....	4
None.....	70
	100%
Cash holdings	
\$1-\$99.....	3%
\$100-\$299.....	2
\$300-\$499.....	1
\$500-\$999.....	2
\$1000 and over.....	2
None.....	90
	100%

TABLE 69. *Per Cent of Each Occupational Group Having Each Form of Liquid Asset Holding*

Form of liquid assets	Occupation of head of spending unit			
	Professional	Managerial	Clerical and Sales	Labor
Bonds.....	18%	15%	14%	2%
Savings accounts (including postal savings).....	39	26	38	19
Checking accounts.....	41	51	20	2
Cash holdings.....	6	13	8	10
Some liquid assets (including cash)....	71	71	51	31

TABLE 70. *Reasons for Preferring Each Form of Liquid Assets by Those Who Do So*

Reason	Bank*	Government Bonds*	Postal Savings*	Cash*
A safe way.....	63%	56%	75%	13%
Earns interest and/or interest is high.....	35	57	20	0
Easy to deposit or withdraw money.....	43	2	21	69
Good way to help Government, country.....	0	24	2	0
Establishes credit or financial rating.....	4	0	0	0
Encourages saving—not easy to withdraw money.....	4	14	11	0
Other.....	4	6	7	22
Not ascertained.....	2	2	0	3

\* Totals more than 100% because some respondents mentioned more than one reason.

TABLE 71. *Attitude of People in Different Kinds of Employment toward Buying Insular Government Bonds*

Attitude	Type of employer		
	Private Industry	Government	Self-employed
Would want to buy.....	72%	72%	78%
Would want to buy provided specific conditions are met.....	3	1	2
Would not buy.....	20	25	15
Not ascertained whether would want to buy.....	5	2	5
	100%	100%	100%

TABLE 72. *Characteristics of Spending Units Purchasing Durables (excluding car) in 1950*

Characteristic	Purchased	Did not purchase
<b>1950 Income</b>		
\$2000-\$2999 .....	29%	36%
\$3000-\$3999 .....	26	24
\$4000-\$4999 .....	14	11
\$5000-\$7499 .....	17	15
\$7500 and over .....	14	14
	<hr/> 100%	<hr/> 100%
<b>Age of head of spending unit</b>		
18-34 .....	29%	21%
35-44 .....	34	31
45-54 .....	20	27
55 and over .....	17	21
	<hr/> 100%	<hr/> 100%
<b>Occupation of head of spending unit</b>		
Professional .....	24%	15%
Managerial .....	29	34
Clerical and Sales .....	21	21
Labor .....	18	21
Retired, unemployed .....	8	9
	<hr/> 100%	<hr/> 100%
<b>Type of employer of head of spending unit</b>		
Private industry .....	28%	31%
Government .....	35	26
Self-employed .....	29	35
Retired, unemployed .....	8	8
	<hr/> 100%	<hr/> 100%

TABLE 73. *Amount Spent for Durable Purchases in 1950 (excluding car) according to Occupation, Age, and Location*

Total amount of purchases, 1950	Occupation of head of spending unit				
	Professional	Managerial	Clerical and Sales	Labor	Retired or unemployed
\$500 or more. . . . .	27%	10%	15%	12%	7%
\$1-\$499. . . . .	38	40	39	40	44
No purchases. . . . .	35	50	46	48	49
	100%	100%	100%	100%	100%
	Type of employer of head of spending unit				
	Private	Industry	Government	Self-employed	
\$500 or more. . . . .	12%		21%	13%	
\$1-\$499. . . . .	39		41	37	
No purchases. . . . .	49		38	50	
	100%		100%	100%	
Total amount of purchases, 1950	Age of head of spending unit				
	18-34	35-44	45-54	55 or older	
\$500 or more. . . . .	21%	16%	12%	9%	
\$1-\$499. . . . .	41	41	35	40	
No purchases. . . . .	38	43	53	51	
	100%	100%	100%	100%	
	Location of spending unit				
	Urban (city)	Urban (barrio)	Rural (city)	Rural (barrio)	
\$500 or more. . . . .	12%	20%	5%	7%	
\$1-\$499. . . . .	35	38	45	48	
No purchases. . . . .	53	42	50	45	
	100%	100%	100%	100%	

TABLE 74. *Income Groups Compared according to Method of Financing Durables (excluding car) Purchased in 1950*

Method	1950 Income					
	All spending units \$2000 or more	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Cash.....	36%	24%	28%	33%	50%	63%
Installment.....	64	76	72	67	50	37
	100%	100%	100%	100%	100%	100%

TABLE 75. *Income Groups in Puerto Rico and the United States Compared according to Purchase of Durables (excluding car) in 1950*

Durable Purchases, 1950	All spending units, \$2000 or more		\$2000-2999		\$3000-3999		\$4000-4999		\$5000-7499		\$7500 and over	
	Puerto Rico	United States	Puerto Rico	United States	Puerto Rico	United States	Puerto Rico	United States	Puerto Rico	United States	Puerto Rico	United States
One or more items.....	54%	49%	48%	34%	57%	51%	60%	51%	58%	58%	55%	65%
None.....	46	51	52	66	43	49	40	49	44	41	45	35
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

TABLE 76. *Prospective Buyers of Durables (excluding car) during 1951 among Occupational and Income groups*

Buyers' Plans	Occupation of head of spending unit					
	Professional	Managerial	Clerical and Sales	Labor	Retired, unemployed	All units
Definitely expect to buy	30%	17%	27%	24%	15%	23%
Probably will buy.....	2	5	3	0	0	2
No plans.....	6	3	5	7	5	5
Do not expect to buy...	62	75	65	68	78	70
Not ascertained.....	0	0	0	1	2	0
	100%	100%	100%	100%	100%	100%
	1950 Income					
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more	
Definitely expect to buy	24%	19%	24%	24%	26%	
Probably will buy.....	1	3	0	4	4	
No plans.....	5	7	2	6	2	
Do not expect to buy...	70	71	74	66	67	
Not ascertained.....	0	0	0	0	1	
	100%	100%	100%	100%	100%	

TABLE 77. *Per Cent of Spending Units with Incomes of \$2000 or More Owning a Car in Early 1951, and Year of Purchase*

Car ownership	Per cent of all spending units	
Own a car .....		38
Year purchased		
1951 .....	4	
1950 .....	15	
1949 .....	10	
Before 1949 .....	9	
Do not own a car .....		62
		<u>100%</u>

TABLE 78. *Per Cent of Spending Units among Different Income Groups Buying a Car in 1950 and Price of Car Bought*

Car Purchase	1950 Income					
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more	All units 2000 or more
Bought a car (new or used) .....	6%	12%	17%	26%	27%	15%
Price						
less than \$600 .....	(3)	(2)	(1)	(1)	(0)	(2)
\$600-\$999 .....	(1)	(3)	(3)	(3)	(0)	(2)
\$1000-\$1999 .....	(2)	(2)	(7)	(7)	(2)	(3)
\$2000-\$2999 .....	(0)	(4)	(6)	(9)	(8)	(4)
\$3000 or more .....	(0)	(1)	(0)	(6)	(7)	(4)
Did not buy .....	94	88	83	74	73	85
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

TABLE 79. *Method of Financing 1950 Car Purchases*

Method	Per cent of buyers
Installment plan .....	60
Cash .....	40
	<u>100%</u>



TABLE 80. *Per Cent in Each Occupational and Income Group Expecting to Buy a Car in 1951*

Method of financing purchase	Occupation of head of spending units				
	Profes- sional	Mana- gerial	Clerical and Sales	Labor	Retired or un- employed
Expect to buy—will pay cash.....	3	3	2	1	0
Expect to buy—on installment plan...	12	9	9	12	4
Expect to buy—do not know how will finance.....	3	1	0	0	2
Do not expect to buy.....	81	86	87	86	92
Do not know whether will buy.....	0	1	2	1	0
Not ascertained whether expect to buy.	1	0	0	0	2
	100%	100%	100%	100%	100%

Method of financing purchase	1950 Income				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Expect to buy—will pay cash.....	1	1	4	4	3
Expect to buy—on the installment plan.....	7	8	12	16	9
Expect to buy—doesn't know how will finance.....	0	3	3	0	3
Does not expect to buy.....	92	86	80	79	82
Do not know whether will buy.....	0	1	1	1	2
Not ascertained whether expect to buy.	0	1	0	0	1
	100%	100%	100%	100%	100%

TABLE 81. *Methods of Financing Purchase of Durables (excluding car) Planned by Those Who Expect to Buy in 1951*

Method	Per cent of buyers
Will buy on installment plan.....	60
Will buy some items on installment, will pay cash for others.	5
Will pay cash.....	32
Don't know how will finance.....	2
Method of financing not ascertained.....	1
	100%

TABLE 82. *Home Ownership\* among Different Income, Occupational, and Age Groups*

	1950 Income				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Owens .....	51%	48%	58%	57%	67%
Rents .....	33	45	36	36	24
Neither .....	16	7	6	6	8
Not ascertained .....	0	0	0	1	1
	100%	100%	100%	100%	100%
	Occupation of head of spending unit				
	Professional	Managerial	Clerical and Sales	Labor	
Owens .....	51%	61%	42%	57%	
Rents .....	39	28	46	34	
Neither .....	10	11	11	9	
Not ascertained .....	0	0	1	0	
	100%	100%	100%	100%	
	Type of employer of head of spending unit				
	Private Industry	Government		Self-employed	
Owens .....	45%	52%		63%	
Rents .....	41	37		30	
Neither .....	14	11		7	
	100%	100%		100%	
	Age of head of spending unit				
	18-34	35-44	45-54	55 and over	
Owens .....	45%	51%	60%	67%	
Rents .....	41	38	33	25	
Neither .....	14	11	7	8	
	100%	100%	100%	100%	

\* Ownership of house in which the family lives.

TABLE 83. *Value of Owner-occupied Houses among Different Income, Occupational, and Age Groups*

Value of Houses	1950 Income				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Less than \$5000	59%	51%	43%	19%	10%
\$5000-\$9999	32	29	16	19	10
\$10,000-\$24,999	7	18	30	48	49
\$25,000 or more	0	1	5	12	26
Not ascertained	2	1	6	2	5
	100%	100%	100%	100%	100%
	Occupation of head of spending unit				
	Professional	Managerial	Clerical and Sales	Labor	
Less than \$5000	25%	38%	23%	64%	
\$5000-\$9999	22	17	47	22	
\$10,000-\$24,999	40	29	28	12	
\$25,000 or more	9	13	1	0	
Not ascertained	4	3	1	2	
	100%	100%	100%	100%	
	Type of employer				
	Private Industry	Government	Self-employed		
Less than \$5000	34%	36%	44%		
\$5000-\$9999	28	33	15		
\$10,000-\$24,999	32	24	26		
\$25,000 or more	4	4	12		
Not ascertained	2	3	3		
	100%	100%	100%		
	Age of head of spending unit				
	18-34	35-44	45-54	55 and over	
Less than \$5000	32%	37%	42%	50%	
\$5000-\$9999	36	25	17	17	
\$10,000-\$24,999	27	30	28	20	
\$25,000 or more	1	6	9	13	
Not ascertained	4	2	4	0	
	100%	100%	100%	100%	

TABLE 84. *Per Cent of Those with Incomes of \$2000 or More Who Bought their Home in 1950 and Price of House*

		Per cent of spending units	Per cent of home owners
Bought or built during 1950 .....		5	9
Purchase Price			
Less than \$5000 .....	3%		
\$5000-\$9999 .....	0		
\$10,000 or more .....	2		
Did not buy during 1950 .....		95	89
Not ascertained whether bought .....		0	2
		<hr/> 100%	<hr/> 100%

TABLE 85. *Amount Borrowed to Finance Purchase of Home in 1950*

Amount	Per cent of spending units
Less than \$5000 .....	2
\$5000-\$9999 .....	1
\$10,000 or more .....	1
Not applicable: paid cash .....	1
Not applicable: did not purchase .....	95
	<hr/> 100%

TABLE 86. *Per Cent of Spending Units with Incomes of \$2000 or More in Puerto Rico and the United States Purchasing a House\* in 1950*

House Purchase, 1950	Puerto Rico	United States
Bought or built .....	5	6
Did not buy or build .....	95	94
	<hr/> 100%	<hr/> 100%

\* Owner-occupied house

TABLE 87. *Rate of Interest Paid on Mortgage Loans to Finance Home Purchased in 1950*

Interest rate	Per cent of spending units
Less than 5% .....	2
5% or more .....	1
Not ascertained.....	1
Not applicable: did not borrow.....	1
Not applicable: did not purchase.....	95
	<hr/> 100%

TABLE 88. *Debt-free ownership of High-priced and Low-priced Houses*

Mortgage debt	Value of house		
	Under \$5000	\$5000-\$7499	\$7500 or more
Have none .....	84%	57%	47%
Have some .....	16	43	53
	<hr/> 100%	<hr/> 100%	<hr/> 100%

TABLE 89. *Home Ownership among All Spending Units in Puerto Rico and the United States with Incomes of \$2000 or More*

Ownership	Puerto Rico	United States
Owns home .....	55%	55%
Rents .....	35	42
Neither owns nor rents .....	10	3
	<hr/> 100%	<hr/> 100%

TABLE 90. *Comparison of Value of Owner-occupied Houses in Puerto Rico and the United States\**

Value of houses	Puerto Rico	United States
Under \$5000 .....	40%	20%
\$5000-\$7499 .....	19	21
\$7500-\$9999 .....	4	19
\$10,000 or more .....	34	35
Not ascertained .....	3	5
	<hr/> 100%	<hr/> 100%

\* Puerto Rico figures reflect owners' estimate in early 1951; United States' figures reflect owners estimate in early 1950.

TABLE 91. *Amounts Spent on Home Improvements in 1950 by Home Owners in Each Income and Age Group*

Total amount spent	1950 Income					All spending units \$2000 or more
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more	
\$1-\$499 .....	27%	24%	31%	16%	22%	24%
\$500 or more .....	16	18	16	33	19	20
None .....	57	58	51	51	54	55
Not ascertained whether had any expenditures or amount spent .....	0	0	2	0	5	1
	100%	100%	100%	100%	100%	100%

	Age of head of spending unit			
	18-34	35-44	45-54	65 and over
\$1-\$499 .....	26%	25%	23%	22%
\$500 or more .....	28	21	14	15
None .....	46	52	62	62
Not ascertained whether had any expenditures or amount spent .....	0	2	1	1
	100%	100%	100%	100%

TABLE 92. *Per cent of All Spending Units Making Payments on Home Mortgage Loans (principal) in 1950*

Amount of payments	Per cent of spending units
\$1-\$199 .....	9
\$200-\$299 .....	4
\$300-\$999 .....	5
\$10,000 or more .....	1
	19
No payments, home owners .....	35
Not home owners .....	45
Not ascertained .....	1
	100%

TABLE 93. *Percent of All Spending Units Who Made Mortgage Payments on Real Estate of Any Kind in 1950, and Amount Paid*

Total amount of payment (including interest)	Per cent of spending units
Under \$500 .....	11
\$500-\$999 .....	7
\$1,000 or more .....	3
	<hr/>
	21
None .....	79
	<hr/>
	100%

TABLE 94. *Per Cent of Home Owners in Puerto Rico and United States with Income of \$2000 or More Having Mortgage Debt on Home*

Indebtedness	Puerto Rico	United States
Some .....	35%	53%
None* .....	64	46
Not ascertained .....	1	0
	<hr/>	<hr/>
	100%	100%

\* Puerto Rico figures includes all home owners making no payments on home mortgage or loan during 1950. The assumption is made that these owners have no debt on their homes as payments on mortgage debt usually must be made regularly.

TABLE 95. *Plans for Purchase of Real Estate during 1951\**

Characteristics of spending unit	Anticipated purchase				
	House	Farm, commercial property or a lot	Property, kind not specified	None	Not ascertained
1950 Income					
\$2000-\$2999	8%	1	3	87	1
\$3000-\$3999	16%	1	2	81	0
\$4000-\$4999	20%	4	3	72	1
\$5000-\$7499	12%	2	5	81	0
\$7500 and over	22%	3	8	67	0
Occupation of head of spending unit					
Professional	15%	2	7	76	0
Managerial	14%	3	2	81	0
Clerical and Sales	14%	1	4	81	0
Labor	11%	3	3	81	2
Retired or unemployed	18%	0	4	78	0
Type of employer					
Private industry	11%	2	3	82	2
Government	14%	2	4	80	0
Self-employed	15%	3	4	78	0
Age of head of spending unit					
18-34	15%	3	6	75	1
35-44	15%	1	3	81	0
45-54	12%	3	4	80	1
55 and over	13%	1	3	83	0
All spending units	13%	2	4	80	1

\* The question asked referred to purchases of houses and other real estate "during the next year or so."

TABLE 96. *Estimated Amounts Prospective Buyers Plan to Invest in Home or Other Real Estate*

Amount	Per cent of buyers
Less than \$5000	6
\$5000-\$9999	5
\$10,000 or more	8
None	80
Not ascertained	1
	100%



TABLE 97. *Amounts Prospective Buyers Plan to Borrow to Finance Real Estate Purchases*

Amount	Per cent of buyers
Less than \$5000.....	6
\$5000-\$9999.....	5
\$10,000 or more.....	3
Will pay cash.....	3
Do not expect to buy.....	80
Not ascertained.....	3
	<hr/> 100%

TABLE 98. *Per Cent of Spending Units with Incomes of \$2000 or More in Puerto Rico and the United States Expecting to Buy or Build a House in the Next Year or So\**

	Puerto Rico	United States
Plan to buy or build.....	13	5
Not planning to buy or build.....	87	95
	<hr/> 100%	<hr/> 100%

\* Puerto Rico and United States data are not exactly comparable as the United States figures includes only non-farm families; however, since farm families comprise a very small proportion of the Puerto Rican sample the data provide a useful comparison.

TABLE 99. *Per Cent of Spending Units Having Each Kind of Consumer Debt at End of 1950 and Amounts Owed*

Indebtedness	Kind of consumer debt		
	Personal loans	Installment purchases	Store accounts
All those having debt.....	34	43	32
Amount owed			
\$1,000 or more.....	(10)	(4)	(1)
\$200-\$999.....	(14)	(16)	(5)
\$1-\$199.....	(10)	(23)	(25)
Amount not ascertained.....	(0)	(0)	(1)
All those having no debt.....	65	57	68
Not ascertained.....	1	0	0
	<hr/> 100%	<hr/> 100%	<hr/> 100%

TABLE 100. *Consumer Debt at the End of 1950 according to Occupational Group*

Indebtedness	Occupation of head of spending unit			
	Professional	Managerial	Clerical and sales	Labor
All those having debt.....	74%	64%	67%	74%
Amount owed				
\$400 or more.....	(34)	(34)	(28)	(26)
Under \$400.....	(40)	(30)	(39)	(48)
All those having no debt.....	25	35	33	26
Not ascertained.....	1	1	0	0
	100%	100%	100%	100%

TABLE 101. *Consumer Debt at End of 1950 according to Age Group*

Indebtedness	Age of head of spending unit			
	18-34	35-44	45-54	55 or older
All those having debt.....	73%	76%	67%	53%
Amount owed				
\$400 or more.....	(42)	(35)	(29)	(21)
Under \$400.....	(31)	(416)	(38)	(32)
All those having no debt.....	26	24	33	45
Not ascertained.....	1			2
	100%	100%	100%	100%

TABLE 102. *Consumer Debt at end of 1960 according to Different Amounts of Liquid Assets Held*

Amount of debt*	Amount of liquid assets			
	\$1000 or more	\$300-999	\$1-299	None
\$1000 or more . . . . .	15%	22%	18%	12%
\$400-\$999 . . . . .	8	10	18	18
\$1-\$399 . . . . .	24	41	38	46
None . . . . .	53	27	26	24
	100%	100%	100%	100%

\* Total amount owed on installment purchases, including car, personal loans and store accounts

TABLE 103. *Consumer Debt at End of 1960 in Large and Small Families*

Amount of debt	Number of persons in spending unit	
	Five or more	One to four
\$1000 or more . . . . .	15%	15%
\$400-\$999 . . . . .	15	14
\$1-\$399 . . . . .	40	38
None . . . . .	29	33
Not ascertained . . . . .	1	0
	100%	100%

TABLE 104. *Per Cent of Spending Units Purchasing Durables (excluding car) on the Installment Plan in 1960 among Income, Occupational, and Age Groups*

Purchases on installment plan	1950 Income				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
All those who made purchases.....	37%	40%	41%	28%	20%
Total amount spent					
\$500 or more.....	(5)	(7)	(8)	(9)	(7)
\$1-499.....	(32)	(33)	(33)	(19)	(13)
Not applicable: paid cash.....	11	16	21	28	35
Not applicable: did not buy durables..	52	44	38	44	45
	100%	100%	100%	100%	100%
	Occupation of head of spending unit				
	Professional	Managerial	Clerical and Sales	Labor	Retired or unemployed
All those who made purchases.....	35%	24%	42%	44%	37%
Total amount spent					
\$500 or more.....	(10)	(5)	(8)	(7)	(4)
\$1-\$499.....	(25)	(19)	(34)	(37)	(33)
Not applicable: paid cash.....	31	26	12	7	14
Not applicable: did not buy durables..	34	50	46	49	49
	100%	100%	100%	100%	100%
	Type of employer				
	Private Industry	Government	Self-employed		
All those who made purchases.....	38%	42%	23%		
Total amount spent					
\$500 or more.....	(5)	(11)	(5)		
\$1-\$499.....	(33)	(31)	(18)		
Not applicable: paid cash.....	13	20	27		
Not applicable: did not buy durables..	49	38	50		
	100%	100%	100%		
	Age of head of spending unit				
	18-34	35-44	45-54	55 and over	
All those who made purchases.....	37%	38%	30%	31%	
Total amount spent					
\$500 or more.....	(7)	(9)	(5)	(5)	
\$1-\$499.....	(30)	(29)	(25)	(26)	
Not applicable: paid cash.....	25	18	17	19	
Not applicable: did not buy durables..	38	44	53	50	
	100%	100%	100%	100%	

TABLE 105. *Amounts Owed on All Installment Purchases at End of 1956 among Income, Occupational, and Age Groups\**

Amount	1950 Income				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
\$500 or more.....	2%	8%	12%	12%	9%
\$1-\$499.....	42	47	29	26	17
None.....	56	45	59	60	74
Not ascertained.....	0	0	0	2	0
	100%	100%	100%	100%	100%
	Occupation of head of spending unit				
	Professional	Managerial	Clerical and Sales	Labor	Retired or unemployed
\$500 or more.....	10%	8%	5%	4%	9%
\$1-\$499.....	33	23	43	52	35
None.....	56	69	52	43	56
Not ascertained.....	1	0	0	1	0
	100%	100%	100%	100%	100%
	Type of employer				
	Private Industry	Government	Self-employed		
\$500 or more.....	5%	7%	9%		
\$1-\$499.....	40	47	21		
None.....	54	46	70		
Not ascertained.....	1	0	0		
	100%	100%	100%		
	Age of head of spending unit				
	18-34	35-44	45-54	55 and over	
\$500 or more.....	11%	7%	5%	3%	
\$1-\$499.....	43	40	31	26	
None.....	44	53	64	71	
Not ascertained.....	2	0	0	0	
	100%	100%	100%	100%	

\* This table includes amount owed on all installment purchases (including car) brought during 1950 or at an earlier year.

TABLE 106. *Method of Financing Durable Purchases (excluding car) by All Spending Units Having Some Liquid Assets Who Purchased during 1950*

Method	Amount of liquid holdings at end of 1950	
	\$500 or more	\$1-499
Paid cash.....	52%	33%
Bought on installment plan.....	48	67
	100%	100%

TABLE 107. *Comparison of Income Groups in Puerto Rico and the United States according to Method of Financing Durables (excluding car) Purchased in 1950*

Per cent of those who purchased: 1950 income												
Method of Financing	All buyers, income of \$2000 or more		\$2000-2999		\$3000-3999		\$4000-4999		\$5000-7499		\$7500 or more	
	Puerto Rico	United States	Puerto Rico	United States	Puerto Rico	United States	Puerto Rico	United States	Puerto Rico	United States	Puerto Rico	United States
Paid cash for all items.....	36	52	24	41	28	41	33	42	50	60	63	85
Bought some or all items on installment plan.....	64	48	76	59	72	59	67	58	50	40	37	15
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

TABLE 108. *Total Amounts Spent for Durables (excluding car) Purchased on the Installment Plan during 1950 by Those Making Installment Purchases*

Amount	Per cent of buyers
Less than \$100.....	11
\$100-\$299.....	31
\$300-\$499.....	38
\$500-\$699.....	15
\$700 or more.....	5
	100%

TABLE 109. *Amounts Borrowed through Personal Loans during 1950  
among Occupational and Age Groups*

Amount	Occupation of head of spending unit				
	Professional	Managerial	Clerical and Sales	Labor	Retired or unemployed
\$1000 or more. . . . .	14%	28%	11%	8%	9%
\$500-\$999 . . . . .	8	9	10	8	4
\$1-\$499 . . . . .	23	11	23	25	14
None . . . . .	55	51	56	59	72
Not ascertained. . . . .	0	1	0	0	1
	100%	100%	100%	100%	100%
	Type of employer				
	Private Industry	Government	Self-employed		
\$1000 or more. . . . .	7%	14%	29%		
\$500-\$999 . . . . .	5	13	7		
\$1-\$499 . . . . .	20	27	10		
None . . . . .	68	46	53		
Not ascertained. . . . .	0	0	1		
	100%	100%	100%		
	Age of head of spending unit				
	18-34	35-44	45-54	55 and over	
\$1000 or more. . . . .	12%	18%	18%	14%	
\$500-\$999 . . . . .	8	9	9	7	
\$1-\$499 . . . . .	20	22	18	15	
None . . . . .	60	51	55	64	
Not ascertained. . . . .	0	0	0	0	
	100%	100%	100%	100%	

TABLE 110. *Per Cent of Spending Units among Income and Occupational Groups Making Payments during 1950 on Personal Loan Debt Incurred prior to 1950*

Payments	1950 Income				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Made some payments	20%	24%	21%	22%	19%
Amount paid					
\$400 or more	(5)	(5)	(8)	(13)	(14)
\$1-399	(15)	(19)	(13)	(9)	(2)
Not ascertained	(0)	(0)	(0)	(0)	(3)
None	80	76	79	78	81
	100%	100%	100%	100%	100%

	Type of employer		
	Private industry	Government	Self-employed
Made some payments	19%	31%	16%
Amount paid			
\$400 or more	(5)	(8)	(11)
\$1-399	(13)	(23)	(5)
Not ascertained	(1)	(0)	(0)
None	81	69	84
	100%	100%	100%

	Occupation of head of spending unit				
	Professional	Managerial	Clerical and Sales	Labor	Retired or unemployed
Made some payments	21%	20%	25%	22%	16%
Amount paid					
\$400 or more	(9)	(13)	(5)	(13)	(5)
\$1-399	(12)	(8)	(19)	(8)	(7)
Not ascertained	(0)	(0)	(1)	(1)	(4)
None	79	79	75	78	84
	100%	100%	100%	100%	100%



TABLE 111. *Amounts Owed on Personal Loans at End of 1950 among Income, Occupational, and Age Groups*

Amount	1950 Income				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 and more
\$1000 or more.....	5%	7%	11%	13%	25%
\$500-\$999.....	3	11	6	3	3
\$1-\$499.....	23	23	16	14	6
None.....	67	59	67	70	62
Amount or whether owes on loan not ascertained.....	2	0	0	0	4
	100%	100%	100%	100%	100%
	Occupation of head of spending unit				
	Professional	Managerial	Clerical & sales	Labor	Retired or unemployed
\$10000 or more.....	8%	19%	6%	6%	2%
\$500-\$999.....	5	5	5	9	5
\$1-\$499.....	25	11	23	20	16
None.....	61	64	66	65	73
Amount or whether owes on loan not ascertained.....	1	1	0	0	4
	100%	100%	100%	100%	100%
	Type of employer				
	Private industry		Government	Self-employed	
\$100 or more.....	4%		11%	17%	
\$500-\$999.....	2		10	5	
\$1-\$499.....	16		27	12	
None.....	77		52	65	
Amount or whether owes on loan not ascertained.....	1		0	1	
	100%		100%	100%	
	Age of head of spending unit				
	18-34	35-44	45-54	55 and over	
\$1000 or more.....	7%	12%	12%	9%	
\$500-\$999.....	5	6	7	3	
\$1-\$499.....	21	19	18	15	
None.....	65	63	63	70	
Amount whether owes on loan not ascertained.....	2	0	0	3	
	100%	100%	100%	100%	

TABLE 112. *Interest Rates on Personal Loans Paid by People in Different Types of Employment*

Interest rate	Type of employer			
	Private industry	Government	Self-employed	All spending units with incomes of \$2000 or more
1-4½%	9%	14%	6%	9%
5-6½%	7	13	14	10
7-8%	9	12	12	11
9-10%	5	13	10	9
More than 10%	*	*	*	1
Borrowed, no interest	2	2	2	2
Not ascertained	0	0	2	1
Did not borrow	68	46	54	57
	100%	100%	100%	100%

\* Less than one half of one per cent

TABLE 113. *Comparison of Income Groups in Puerto Rico and the United States according to Net Change in Indebtedness in 1950*

Change in indebtedness	1950 Income									
	\$2000-2999		\$3000-3999		\$4000-4999		\$5000-7499		\$7500 or more	
	Puerto Rico	United States	Puerto Rico	United States	Puerto Rico	United States	Puerto Rico	United States	Puerto Rico	United States
Net increase....	41%	29%	52%	33%	43%	32%	39%	27%	42%	20%
No change.....	31	53	23	45	25	45	37	49	37	64
Net decrease....	28	17	25	21	32	22	24	23	17	16
Not ascertained.....	0	1	0	1	0	1	0	1	4	0
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

TABLE 114. *Proportion of Total Consumer Debt Represented by Amount in Each Type, at End of 1950*

Type of debt	Per cent of total consumer debt
Personal borrowing.....	68
Installment credit.....	22
Debt on charge accounts.....	10
	100%

TABLE 115. *Net Change in Consumer Indebtedness during 1950 among Income, Occupational, and Age Groups*

Net change in consumer indebtedness	1950 Income				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Increase.....	41%	52%	43%	39%	42%
Amount of increase					
\$500 or more.....	(7)	(17)	(21)	(15)	(24)
\$1-\$499.....	(34)	(35)	(22)	(24)	(18)
Decrease.....	28	25	32	24	17
Amount of decrease					
\$500 or more.....	(3)	(5)	(11)	(13)	(9)
\$1-\$499.....	(25)	(20)	(21)	(11)	(8)
No change, has debt.....	5	5	3	3	7
No change, has no debt.....	26	18	22	34	30
Changes not ascertained.....	0	0	0	0	4
	100%	100%	100%	100%	100%
	Occupation of head of spending unit				
	Professional	Managerial	Clerical and sales	Labor	Retired or unemployed
Increase.....	49%	39%	47%	47%	33%
Amount of increase					
\$500 or more.....	(17)	(19)	(14)	(9)	(6)
\$1-\$499.....	(32)	(20)	(33)	(38)	(27)
Decrease.....	24	28	20	26	31
Amount of decrease					
\$500 or more.....	(6)	(11)	(3)	(4)	(9)
\$1-\$499.....	(18)	(17)	(17)	(22)	(22)
No change, has debt.....	4	6	5	3	5
No change, has no debt.....	23	26	28	22	29
Change not ascertained.....	0	1	0	2	2
	100%	100%	100%	100%	100%

TABLE 115. *Continued*

Net change in consumer indebtedness	Type of employer		
	Private Industry	Government	Self-employed
Increase.....	39%	56%	38%
Amount of increase			
\$500 or more.....	(9)	(18)	(19)
\$1-\$499.....	(30)	(38)	(19)
Decrease.....	28	25	23
Amount of decrease			
\$500 or more.....	(5)	(4)	(11)
\$1-\$499.....	(23)	(21)	(12)
No change, has debt.....	4	5	6
No change, has no debt.....	28	14	31
Changes not ascertained.....	1	0	2
	<hr/> 100%	<hr/> 100%	<hr/> 100%

Age of head of spending unit				
	18-34	35-44	45-54	55 or over
Increase.....	47%	48%	41%	34%
Amount of increase				
\$500 or more.....	(16)	(16)	(16)	(8)
\$1-\$499.....	(31)	(32)	(25)	(26)
Decrease.....	29	27	26	18
Amount of decrease				
\$500 or more.....	(8)	(8)	(5)	(6)
\$1-\$499.....	(21)	(19)	(21)	(12)
No change, has debt.....	2	6	5	7
No change, has no debt.....	21	19	26	40
Changes not ascertained.....	1	0	2	1
	<hr/> 100%	<hr/> 100%	<hr/> 100%	<hr/> 100%

TABLE 116. *Positive and Negative Saving by Spending Units in Each Income Group*

Amount saved or dissaved	1950 Income					
	All units, \$2000 or more	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Positive savers						
\$1000 or more . . . . .	19%	2%	4%	28%	31%	63%
\$500-\$999 . . . . .	14	10	24	11	21	2
\$200-\$499 . . . . .	17	20	23	16	13	7
\$1-\$199 . . . . .	13	22	13	9	3	3
Negative savers						
\$1-\$499 . . . . .	19	26	21	17	13	5
\$500 or more . . . . .	10	8	9	14	16	11
Neither saved or dis- saved . . . . .	7	12	6	4	3	2
Saving not ascertained..	1	0	0	1	0	7
	100%	100%	100%	100%	100%	100%
Median amount saved . .	\$205	\$40	\$204	\$396	\$550	\$2650
Median amount dis- saved by negative savers . . . . .	-280	-194	-269	-404	-566	-1500
Median amount saved by positive savers . .	567	249	445	795	904	3543

TABLE 117. *Per Cent of Negative and Positive Savers and Per Cent of Income Saved or Dissaved among Spending Units in Each Income Group (\$2000 or more) in Puerto Rico and the United States\**

Saving out of 1950 income	1950 Income														
	\$2000-2999			\$3000-3999			\$4000-4999			\$5000-7499			\$7500 or more		
	P.R. incl. cash	U.S.	P.R. incl. cash	P.R. incl. cash	U.S.	P.R. incl. cash	P.R. incl. cash	U.S.	P.R. incl. cash	P.R. incl. cash	U.S.	P.R. incl. cash	P.R. incl. cash	U.S.	
Positive savers.....	54%	59%	62%	63%	67%	64%	69%	70%	70%	74%	75%	74%	75%	87%	
Per cent of income saved															
50% or more.....	(1)	(4)	(1)	(2)	(2)	(6)	(6)	(3)	(4)	(3)	(4)	(17)	(17)	(15)	
30%-49%.....	(5)	(7)	(3)	(4)	(8)	(13)	(16)	(8)	(12)	(14)	(13)	(17)	(19)	(19)	
20%-29%.....	(5)	(6)	(15)	(13)	(8)	(15)	(13)	(13)	(13)	(12)	(14)	(16)	(14)	(15)	
10%-19%.....	(16)	(14)	(18)	(18)	(21)	(13)	(13)	(19)	(23)	(21)	(23)	(10)	(10)	(21)	
1%-9%.....	(27)	(27)	(25)	(26)	(28)	(17)	(21)	(27)	(18)	(19)	(21)	(14)	(15)	(17)	
Neither saved nor dissaved†	15	5	10	8	1	9	7	1	4	4	0	3	4	0	
Negative savers.....	31	36	28	29	32	26	23	29	26	27	25	16	14	13	
Per cent of income dissaved															
1%-9%.....	(16)	(14)	(15)	(16)	(15)	(12)	(9)	(14)	(13)	(11)	(11)	(9)	(8)	(6)	
10%-24%.....	(7)	(11)	(8)	(9)	(10)	(5)	(5)	(11)	(10)	(14)	(9)	(0)	(0)	(4)	
25% or more.....	(8)	(11)	(5)	(4)	(7)	(9)	(9)	(4)	(3)	(2)	(5)	(7)	(6)	(3)	
Saving not ascertained‡	0	0	0	0	0	1	1	0	0	0	0	7	7	0	
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

\* United States savings estimates exclude changes in liquid holdings in cash; for comparison purposes Puerto Rico figures show savings estimates including and excluding changes in cash holdings.

† Includes positive and negative saving of less than one-half of one per cent of income.

‡ United States figures exclude cases for which saving not ascertained.

TABLE 118. *Characteristics of Positive and Negative Savers*

Characteristic of Spending Unit	Positive Savers	Negative Savers
<b>1950 Income</b>		
\$2000-2999	28%	38%
\$3000-3999	25	26
\$4000-4999	12	12
\$5000-7499	18	16
\$7500 and over	17	8
	100%	100%
<b>Age of head of spending unit</b>		
18-34	27%	28%
35-44	33	33
45-54	23	25
55 and over	17	14
	100%	100%
<b>Kind of employer of head of spending unit</b>		
Private industry	27%	31%
Government	33	34
Self-employed	32	27
Retired or unemployed	8	7
Not ascertained	0	1
	100%	100%
<b>Occupation of head of spending unit</b>		
Professional	22%	21%
Managerial	32	28
Clerical and sales	22	20
Labor	16	22
Retired or unemployed	8	9
	100%	100%
<b>Education of head of spending unit</b>		
0-3 years	7%	11%
4-8 years	27	30
9-12 years	30	25
More than 12	35	34
Not ascertained	1	1
	100%	100%
<b>Urban-Rural</b>		
Urban city	19%	16%
Urban barrio	51	62
Rural town	12	10
Rural Barrio	18	12
	100%	100%

TABLE 119. *Per Cent of Spending Units Having Positive, Negative, and Zero Saving for 1950 according to Occupation, Age, Education, Size, and Location*

Saving from 1950 income	Occupation of head of spending unit				
	Professional	Managerial	Clerical and Sales	Labor	Retired or unemployed
Positive saving .....	69%	64%	64%	53%	60%
Zero saving .....	3	9	10	15	13
Negative saving .....	27	24	26	31	25
Saving not ascertained .....	1	3	0	1	2
	100%	100%	100%	100%	100%
	Type of employer of head of spending unit				
	Private Industry	Government	Self-employed		
Positive saving .....	57%	66%	65%		
Zero saving .....	15	4	10		
Negative saving .....	28	30	22		
Saving not ascertained .....	0	0	3		
	100%	100%	100%		
	Age of head of spending unit				
	18-34	35-44	45-54	55 or more	
Positive saving .....	57%	66%	62%	57%	
Zero saving .....	6	7	9	20	
Negative saving .....	36	27	28	20	
Saving not ascertained .....	1	0	1	3	
	100%	100%	100%	100%	
	Education of head of spending unit				
	8 years or less	9-12	More than 12		
Positive saving .....	56%	67%	67%		
Zero saving .....	16	9	4		
Negative saving .....	28	23	27		
Saving not ascertained .....	0	1	2		
	100%	100%	100%		



TABLE 119. *Continued*

Saving from 1950 Income	Number of persons in spending unit			
	1-3	4-6	7 or more	
Positive saving.....	63%	65%	56%	
Zero saving.....	8	10	13	
Negative saving.....	27	24	31	
Saving not ascertained.....	2	1	0	
	<hr/> 100%	<hr/> 100%	<hr/> 100%	
	Number dependent on head of spending unit			
	1-2	3-4	5 or more	
Positive saving.....	58%	69%	68%	
Zero saving.....	9	1	1	
Negative saving.....	31	29	31	
Saving not ascertained.....	2	1	0	
	<hr/> 100%	<hr/> 100%	<hr/> 100%	
	Urban—rural families			
	Urban (City)	Urban (Barrio)	Rural (Town)	Rural (Barrio)
Positive saving.....	61%	60%	65%	73%
Zero saving.....	15	8	13	6
Negative saving.....	22	30	22	21
Saving not ascertained.....	2	2	0	0
	<hr/> 100%	<hr/> 100%	<hr/> 100%	<hr/> 100%

TABLE 120. *Per Cent in Each Occupation, Age, Education, Size-of-family, and Urban or Rural Group Who Are "High," "Medium," or "Low" Savers within their Income Class\**

Saving relative to income level	Occupation of head of spending unit				
	Professional	Managerial	Clerical and sales	Labor	Retired or Unemployed
High saver.....	27%	42%	29%	28%	36%
Medium saver.....	38	25	40	34	24
Low Saver.....	34	31	31	37	35
Savings not ascertained.....	1	2	0	1	5
	100%	100%	100%	100%	100%
	Kind of employer				
	Private Industry	Government	Self-employed		
High saver.....	23%	36%	39%		
Medium saver.....	41	32	28		
Low saver.....	36	32	30		
Savings not ascertained.....	0	0	3		
	100%	100%	100%		
	Age of head of spending unit				
	18-34	35-44	45-54	55 or more	
High saver.....	32%	32%	37%	31%	
Medium saver.....	32	36	26	38	
Low saver.....	35	31	36	28	
Savings not ascertained.....	1	1	1	3	
	100%	100%	100%	100%	

TABLE 120. *Continued*

Saving relative to income level	Education of head of spending unit		
	8 years or less	9-12	More than 12 (college)
High saver.....	33%	36%	31%
Medium saver.....	33	35	32
Low saver.....	34	29	35
Savings not ascertained.....	0	0	2
	100%	100%	100%

	Number of persons in spending unit		
	1-3	4-5	6 or more
High saver.....	31%	32%	36%
Medium saver.....	33	36	30
Low saver.....	34	31	34
Savings not ascertained.....	2	1	0
	100%	100%	100%

	Urban or Rural			
	Urban-City	Urban-Barrio	Rural-Town	Rural-Barrio
High saver.....	27%	30%	42%	44%
Medium saver.....	43	32	32	26
Low saver.....	29	37	26	30
Savings not ascertained.....	1	1	0	0
	100%	100%	100%	100%

\* For statement on method of determining high, medium or low savings, see footnote 6, page 40, Part 1.

TABLE 121. *Per Cent of Spending Units in the United States (all income levels)  
Reporting Various Types of Additions to and Withdrawals from Saving*

Type	Additions to saving		Withdrawals from saving	
	1950	1949	1950	1949
Consumer indebtedness				
Increases	—	—	26	30
Decreases	18	10	—	—
Life insurance				
Payment of premiums	72	74	—	—
Full cash payment received from policy	—	—	3	3
Liquid asset holdings				
Increases*	29	26	—	—
Decreases	—	—	31	31
Real estate				
Purchases of homes for own use (nonfarm)	5	3	—	—
Purchases of other real estate (including farms)	2	2	—	—
Mortgages taken out for home purchases	—	—	4	2
Mortgages on other real estate	—	—	—	1
Sales of houses, farms, and lots	—	—	4	3
Payments on home mortgages (including full payments)	24	17	—	—
Home improvements	20	14	—	—
Retirement funds				
Payments to such funds	15	12	—	—
Securities transactions (excluding Federal)				
Increases in holdings	2	2	—	—
Decreases in holdings	—	—	1	1
Unincorporated business (excluding farmers)				
Profits left in business	3	2	—	—
Business loss	—	—	1	1
Personal investment in business	2	3	—	—
Withdrawals of business investment	—	—	(†)	1
Farm equipment purchases	4	4	—	—

\* Excludes cases in which liquid assets increased solely because of interest accrued on U. S. Government savings bonds.

† No cases reported or less than one-half of 1 per cent.

TABLE 122. *Per Cent of Spending Units in Puerto Rico in Each Income Group Who Made Additions to Saving in Each Form, and Per Cent Who Made Withdrawals from Saving in Each Form*

Additions to saving	1950 Income				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Life insurance payments	21	40	41	60	65
Retirement fund payments	27	50	47	40	20
Capital improvements on property	24	24	32	31	38
Mortgage payments	14	19	25	29	30
Increases in liquid asset holdings	12	26	25	34	28
Decreases in consumer debt	28	25	32	24	17
Withdrawals from saving					
Increased consumer debt	41	51	43	39	42
Decreased liquid asset holdings	22	21	47	34	33

TABLE 123. *Changes in Consumer Debt among Spending Units Having Positive or Negative Saving at End of 1950*

Net change in consumer debt	Positive Savers			Negative Savers		
	All savers	\$500 or more	\$1-\$499	All dis-savers	\$1-\$499	\$500 or more
Increased						
\$500 or more	11%	12%	8%	47%	14%	48%
\$1-\$499	24	19	30	26	60	24
No change (including those with no debt)	29	30	29	16	16	16
Decreased						
\$1-\$499	26	22	32	8	8	8
\$500 or more	10	17	1	3	2	4
	100%	100%	100%	100%	100%	100%

TABLE 124. *Changes in Liquid Holdings in 1950 among Spending Units Having Positive or Negative Saving at End of 1950*

Net change in liquid asset holdings	Positive savers			Negative savers		
	All savers	\$500 or more	\$1-\$499	All dis-savers	\$1-\$499	\$500 or more
Increased						
\$500 or more	13%	21%	4%	3%	2%	4%
\$1-\$499	18	18	17	9	12	4
No change (including those with no holdings)	49	39	60	39	43	30
Decreased						
\$1-\$499	12	11	13	29	33	24
\$500 or more	8	11	6	20	10	38
	100%	100%	100%	100%	100%	100%

TABLE 125. *Purchases of Durables (excluding car) in 1950 among Positive and Negative Savers*

Durable purchases	Positive Savers		Negative Savers	
Purchased durables.....		54%		67%
Total amount of purchases				
\$500 or more.....	13%		22%	
\$1-\$499.....	41%		45%	
Did not purchase durables.....		46		33
		100%		100%

TABLE 126. *Saving among Spending Units Having Different Kinds of Consumer Expenditures in 1950*

Savings in relation to all spending units in income class	Kind of expenditure				
	Purchased durables (other than car)			Purchased a car	Other large expendi- tures*
	All Purchasers	Total Amount of purchases			
		\$500 or more	\$1-499		
High saver.....	30%	23%	33%	28%	32%
Medium saver.....	31	30	32	45	33
Low saver.....	39	47	35	27	35
	100%	100%	100%	100%	100%

\* Includes expenses such as: travel, education, weddings, hospital or large medical expenses, and other emergency expenditures.

TABLE 127. *Saving, Relative to Income Group, among those who Shop at Large Stores and Small Neighborhood Stores\**

Relative saving	Large stores	Small neighborhood stores
High saver.....	36%	30%
Medium saver.....	32	38
Low saver.....	32	32
	100%	100%

\* Number who shop at other kinds of stores such as ventorillas, cafetin, wholesale, etc., is too small to be reported in this table.

TABLE 128. *Saving, Relative to Income Group, among those who Would Use Lottery Winnings for Investment (or liquid saving), to Pay Debts, and for Consumption Expenditures*

Relative saving	Would save or invest	Would pay off debts	Would use for consumption
High saver.....	31%	38%	35%
Medium saver.....	36	21	35
Low saver.....	33	41	30
	100%	100%	100%

TABLE 129. *Attitude toward Providing for Future Income*

Attitude	Per cent of spending units
Should provide for the future	96%
Reasons	
"It is necessary in order to have basic necessities when no longer earning a regular income."	41%
"Do not want to depend on others for basic necessities when no longer earning a regular income."	33
"To have more when older, be able to travel, retire early, enjoy life when not working."	5
"It is the responsibility or obligation of people to provide for their future."	13
Should, no reason given.....	4
Should not have to provide for future.....	2
Attitude toward providing for future not ascertained.....	2
	100%

TABLE 130. *Per Cent of Spending Units Owning Different Types of Real Estate (other than owner-occupied home)*

Other houses (including apartments).....	12
Farm.....	6
Commercial property.....	4
Lot (other than own home property).....	4
Farm and other houses.....	2
Farm and commercial property.....	2
Houses and commercial property.....	1
Does not own real estate.....	69
	100%

TABLE 131. *Per Cent of Owners of Property (other than owner-occupied house) Who Bought Some Property during 1950*

Bought some property in 1950 .....	13
Bought all property before 1950 .....	86
Date of purchase not ascertained .....	1
	<hr/> 100%

TABLE 132. *Per Cent of Spending Units with Incomes of \$2000 or more in Puerto Rico and the United States Who Own Real Estate other than own Homes\**

Type of real estate	Puerto Rico	United States
Other houses (apartment building, summer home, etc.) .....	12%	8%
Farm or farm land† .....	6	2
Commercial property .....	4	4
Lot .....	4	5
Other (or several types) .....	5	1
None .....	69	80
	<hr/> 100%	<hr/> 100%

\* Puerto Rico figures represent ownership in early 1951; United States figures, ownership in early 1950.

† United States figures exclude owner-occupied farm; Puerto Rico figures include farm occupied by owner; as total number of owner-occupied farms included in Puerto Rico sample is small (less than 4% of total sample) a reasonable comparison can be made.

TABLE 133. *Per Cent in Each Income Group Who Have Some Kind of Non-liquid Investments and/or Liquid Asset Holdings of \$500 or More*

Investments or holdings	1950 Income			
	\$2000-2999	\$3000-4999	\$5000-7499	\$7500 or more
Has some investments (including liquid assets of \$500 or more) .....	35%	46%	74%	89%
Has no investment (or liquid assets of \$500 or more) .....	65	54	26	11
	<hr/> 100%	<hr/> 100%	<hr/> 100%	<hr/> 100%



TABLE 134. *Value of Business Interests among All Spending Units Having Full or Part Ownership in any Type of Business*

Estimated value of business interests	Per cent of business owners
Under \$1,000.....	17
\$1,000-\$4,999.....	26
\$5,000-\$9,999.....	16
\$10,000-\$24,999.....	14
\$25,000 or more.....	20
Value of business interests not ascertained.....	7
	100%

TABLE 135. *Kind of Investment Preferred by Investors among Income and Employment Groups*

Type of investment preferred	1950 Income			
	\$2000-2999	\$3000-4999	\$5000-7499	\$7500 or more
Real Estate.....	37%	51%	37%	43%
Business.....	29	18	19	23
Mortgages.....	14	15	23	22
Stocks or bonds.....	8	7	10	8
Type of investment preferred not ascertained.....	12	9	11	4
	100%	100%	100%	100%

	Type of employer	
	Private industry or government	Self-employed
Real Estate.....	47%	47%
Business.....	21	25
Mortgages.....	19	21
Stocks or bonds.....	13	7
	100%	100%

TABLE 136. *Investors' Reasons for Preferring Particular Investments\**

Reason	Per cent of all investors
Profitable.....	31
Safe.....	29
Profitable and safe.....	4
Produces regular income.....	4
Little effort or expense in earning profits.....	5
Investor likes type of investment—enjoys responsibility and freedom of managing investment.....	4
Possible to know more about it.....	2
Other reasons.....	10
Investment preference, or reasons for preferring a particular type not ascertained.....	11
	<hr/> 100%

\* Investments include real estate (other than house investor lives in), own business, mortgages, and stocks and bonds.

TABLE 137. *Preferred Investments and Reasons for Investors' Preference\**

Reasons for preferring type of investment	Per cent of investors giving each reason for preferring particular type of investment
Real estate	
Safety.....	45
High profits.....	29
Regular income.....	9
Other reasons.....	13
Reason not ascertained.....	4
	<hr/> 100%
Own business	
High profits.....	47
Like it—responsible only to self and free to manage investment.....	17
Easy and quick way to make money.....	10
Know more about it than other types.....	8
Safety.....	7
Other reasons.....	10
Reason not ascertained.....	1
	<hr/> 100%
Mortgages	
Safety.....	41
High profits.....	36
Little work or expense in earning profits.....	17
Other reasons.....	3
Not ascertained.....	3
	<hr/> 100%

\* The number preferring stocks and bonds is too small to report reasons for preference.

TABLE 138. *Opinions of Investors concerning Advantages or Disadvantages of Each Type of Investment\**

Opinion	Real Estate	Mortgages	Business	Stocks and Bonds
<b>Advantages</b>				
Safety.....	19%	8%	1%	0
High profits.....	15	22	10	2
Stable and permanent profits.....	9	0	0	0
Assures regular monthly income.....	4	0	0	0
Safe and profitable for large investment..	0	7	0	0
Little expense and effort involved.....	0	2	0	0
Profitable if managed well.....	0	0	17	0
Investor responsible to self and free to manage as he thinks best.....	0	0	4	0
Investor more familiar with it than with other types.....	0	0	2	0
Easy and rapid way to make money.....	0	0	2	1
Safe and guaranteed.....	0	0	0	26
Other.....	19	10	18	14
<b>Disadvantages</b>				
Risky.....	2	6	12	9
Not profitable.....	4	0	6	5
Upkeep too costly.....	4	0	0	0
Profits uncertain due to changes in property values.....	2	0	0	0
Personal dislike of type of negotiations; implications of usury, etc.....	0	23	0	0
Too much expense and legal proceedings involved.....	0	2	0	0
Value of collateral fluctuates too much...	0	1	0	0
Requires too much personal time to manage	0	0	3	0
Too many Government restrictions.....	0	0	1	0
Not good for small investors.....	0	0	0	11
No control over investment.....	0	0	0	3
Other.....	9	7	8	8
Opinion not ascertained	13	12	16	21
	100%	100%	100%	100%

\* This table is based upon all investors (persons holding non-liquid assets of \$500 or more) regardless of choice among the forms of investment.

TABLE 139. *Preferred Investment Ranked by Investors according to Safety and Profits*

Investor's own investment preference	Per cent of investors
Is safest and pays highest returns.....	20
Is safest, some other type pays higher returns.....	24
Pays highest returns, some other type is safer.....	24
Is neither the safest nor pays the highest returns.....	16
Not ascertained which type prefers or which believes is safest and pays highest returns.....	16
	100%

TABLE 140. *Income Groups Compared according to Preference for Investment in Puerto Rican Industry or Investment Elsewhere*

Preference	1950 Income			
	\$2000-2999	\$3000-4999	\$5000-7499	\$7500 or more
Better to invest in Puerto Rican industry..	75%	65%	58%	72%
Better to invest in industry elsewhere.....	12	21	20	18
Not ascertained .....	13	14	22	10
	100%	100%	100%	100%

TABLE 141. *Puerto Rican Industries Ranked by those who Prefer to Invest within Puerto Rico*

Industry	Per cent of investors
Sugar.....	32
Manufacturing (other than sugar).....	39
Agriculture (other than sugar).....	6
Other industries .....	5
Not ascertained .....	18
	100%

TABLE 142. *Investors' Attitude toward Investment in Government-guaranteed Manufacturing Enterprises*

Attitude	Per cent of investors
Favorable .....	73
Unfavorable .....	2
Not ascertained.....	25
	100%

TABLE 143. *Investors' Plans for Changing Ways of Investing their Money*

Plans	Per cent of investors
Will not change.....	79
Will change to other types of investments.....	5
Not ascertained.....	16
	100%

TABLE 144. *Factors that Might Alter Investors' Attitude toward Present Investments*

Factors	Per cent of investors
Decline in profits on present investment.....	17
Discovery of more profitable or otherwise more advantageous investments.....	6
Rise in taxes or increase in government intervention.....	5
Complete loss in present investment; or inability to manage present investment.....	17
None: no change in attitude seen as possible.....	18
Other factors.....	13
Not applicable: change of investments already planned.....	5
Not ascertained.....	19
	100%

TABLE 145. *Reasons for Preferring Small-volume Business*

Reason	Per cent of those preferring small-volume business
Minimum capital risked (or tied up) and less personal work and effort.....	42
Lower operating costs and less personal work.....	24
Less capital risked and less work.....	18
Profitable—returns high profits for less work and effort.....	32
Reluctance to assume responsibility and worry of managing a large business (no mention of capital risks or profits).....	12
Other considerations.....	14
	100%

TABLE 146. *Reasons for Preferring Large-volume Business*

Reason	Per cent of those preferring large-volume business
More profitable—in long-run gains.....	36
From increased working capital and volume of sales.....	31
From becoming better known, establishing reputation.....	5
More profitable—in immediate gains.....	38
From increased sales volume.....	31
From increased working capital.....	7
More personal enjoyment in the activity involved in operating a large business.....	6
Other considerations.....	20
	100%

TABLE 147. *Reasons Given by Businessmen for Failure to Expand Business*

Reason	Per cent of businessmen*
Lack of capital (including inability to get sufficiently large loans or credit terms which would permit borrowing) . . . . .	46
Too much competition . . . . .	20
Limited building space (including high cost of expanding when additional space is available) . . . . .	16
Limited demand for goods (includes limited consumer purchasing power) . . . . .	12
Lack of skilled employees . . . . .	6
High cost of equipment . . . . .	3
Present wage legislation or attitude of workers . . . . .	3
Other reasons . . . . .	24
Nothing standing in way of expansion . . . . .	4
Not ascertained . . . . .	8

\* Totals more than 100% as some people mentioned more than one factor standing in the way of expansion.

TABLE 148. *Factors Making Business Expansion Possible and Profitable*

Factor	Per cent of businessmen*
More operating capital . . . . .	44
If able to enlarge building or space facilities . . . . .	13
Improved economic situation of consumers . . . . .	11
Better equipment . . . . .	8
More cash sales . . . . .	4
Ability to obtain better credit terms for borrowing capital . . . . .	3
More favorable wage legislation . . . . .	1
Other factors . . . . .	48
Opinion not ascertained . . . . .	6

\* Totals more than 100% as some businessmen mentioned more than one thing as making it possible to expand the business.

TABLE 149. *Changes in Business Investments in 1950*

Change	Per cent of business owners
Increased investments.....	52
<i>Amount of increase</i>	
Under \$1,000.....	21
\$1,000 or more.....	31
No change in investments.....	39
Decreased investments.....	3
Change not ascertained.....	6
	100%

TABLE 150. *Ways in which Business Owners Expanded their Total Investments in 1950*

Way	Per cent of business owners
Expanded inventories.....	26
New building or equipment.....	17
Other.....	9
No expansion.....	42
Not ascertained whether increased investment.....	6
	100%

TABLE 151. *Plans of Business Owners to Increase Capital Investment of their Businesses*

Have definite plans to expand business.....	16%
Planning to expand, plans not completely definite.....	8
Not planning to expand.....	69
Plans not ascertained.....	7
	100%

TABLE 152. *Kind of Store at which Most Food Items Purchased by Spending Units in Income and Occupational Groups*

Kind of store	1950 Income				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Large store entirely.....	15%	16%	21%	26%	35%
Large store and market.....	0	3	0	1	7
Large store and vendors.....	0	0	0	1	1
Small store entirely.....	53	44	38	34	25
Small store and market.....	10	12	14	13	12
Small store and vendors.....	4	5	3	6	5
Wholesale and others.....	6	6	3	4	2
Vendor, ventorillo, or other combinations.....	3	2	10	9	4
Does not make purchases, or owns food store.....	9	11	11	6	9
Kind of store where purchases made not ascertained.....	0	1	0	0	0
	100%	100%	100%	100%	100%
	Occupation of head of spending unit				
	Professional	Managerial	Clerical and sales	Labor	Retired or unemployed
Large store entirely.....	27%	22%	19%	15%	15%
Large store and market.....	4	3	0	1	0
Large store and vendors.....	2	0	0	0	0
Small store entirely.....	36	30	47	56	58
Small store and market.....	8	13	11	13	14
Small store and vendors.....	6	4	5	4	2
Wholesale and others.....	4	7	3	4	4
Vendor, ventorillo, or other combinations.....	7	4	5	4	5
Does not make purchases, or owns food store.....	6	17	10	3	0
Kind of store where purchases made not ascertained.....	0	0	0	0	2
	100%	100%	100%	100%	100%



TABLE 153. *Reasons Given for Patronizing a Particular Store*

Reason	Per cent of consumers*
Personal convenience.....	50
Location of store.....	33
Personal services (delivery, etc.).....	17
Store has everything.....	25
Quality of goods.....	16
Prices.....	15
Credit.....	10
Close personal relations with owner.....	7
Habit.....	2
Other reasons.....	9
Reason not ascertained.....	5

\* Totals more than 100% as some people mentioned more than one reasons for shopping at particular kind of store.

TABLE 154. *Reasons Given for Patronizing Large Stores or Small Stores by Consumers Who Do So*

Reason	Kind of store	
	Large store (Praco, Plaza Provision, etc.)*	Small neighbor- hood store*
Variety—store has everything.....	41%	20%
Quality of merchandise.....	26	11
Personal services received (delivery, personal attention or other special services).....	19	21
Prices.....	18	13
Convenient location of store.....	11	45
Credit.....	4	14
Close personal relations with owner.....	4	9
Habit.....	3	2
Other reasons.....	10	8
Reasons for shopping at particular kind of store not as- certained.....	6	12

\* Totals more than 100% as some persons mentioned more than one reason for shopping at a particular kind of store.

TABLE 155. *Practice of Shopping at the Same Food Store among Income, Occupational, and Urban and Rural Groups*

Shopping practice	1950 Income				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Always buys at same place . . . . .	65%	64%	59%	73%	57%
Almost always at same place . . . . .	2	2	4	2	6
Shops around at different stores . . . . .	27	28	28	24	29
Does not purchase food items . . . . .	6	6	8	1	6
Not ascertained . . . . .	0	0	1	0	2
	100%	100%	100%	100%	100%
Occupation of head of spending unit					
	Professional	Managerial	Clerical and Sales	Labor	Retired or unemployed
Always buys at same place . . . . .	66%	61%	63%	67%	69%
Almost always at same place . . . . .	6	1	1	2	4
Shops around at different stores . . . . .	21	30	28	29	27
Does not purchase food items . . . . .	6	7	8	2	0
Not ascertained . . . . .	1	1	0	0	0
	100%	100%	100%	100%	100%
Kind of employer					
	Private Industry	Government		Self-employed	
Always buys at same place . . . . .	67%	64%		60%	
Almost always at same place . . . . .	2	4		2	
Shops around at different stores . . . . .	26	24		32	
Does not purchase food items . . . . .	5	8		5	
Not ascertained . . . . .	0	0		1	
	100%	100%		100%	
Urban and rural families					
	Urban (city)	Urban (barrio)	Rural (town)	Rural (barrio)	
Always buys at same place . . . . .	56%	65%	71%	67%	
Almost always at same place . . . . .	2	3	5	2	
Shops around at different stores . . . . .	31	27	23	27	
Does not purchase food items . . . . .	9	5	1	4	
Not ascertained . . . . .	2	0	0	0	
	100%	100%	100%	100%	

TABLE 156. *Reasons Given for Buying Food Items at One Store by those in Income and Occupational Groups Who Do So*

Reasons for shopping at the same store	1950 Income*				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Credit.....	40%	32%	27%	26%	13%
Convenience.....	25	30	27	34	23
Prefer to shop where known personally.....	22	17	19	18	23
Close personal ties with owner of store.....	13	9	10	8	7
Variety of merchandise.....	12	13	17	16	22
Prices.....	9	6	13	5	13
Owner will obtain "hard-to-get" items for his customers.....	1	3	6	9	9
Other considerations.....	15	20	25	23	36
Reason for shopping at same place not ascertained.....	1	0	0	0	2
Not applicable: owns store.....	8	10	8	9	9

	Kind of employer*		
	Private Industry	Government	Self-employed
Credit.....	30%	38%	19%
Convenience.....	41	26	18
Prefer to shop where known personally.....	19	21	19
Close personal ties with owner of store.....	9	8	14
Variety of merchandise.....	12	17	16
Prices.....	8	5	9
Owner will obtain "hard-to-get" items for his customers.....	3	7	4
Other considerations.....	21	14	28
Reason for shopping at the same place not ascertained.....	1	0	0
Not applicable: owns store.....	5	4	23

\* Columns total more than 100% as some respondents mentioned more than one reason for shopping at the same place.

TABLE 157. *Comparison by Income and Occupational Groups of Food Prices Where They Shop and Elsewhere*

How prices compare	1950 Income				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Lower .....	16%	21%	30%	20%	27%
Higher .....	8	11	11	16	10
About the same .....	59	54	44	54	49
Doesn't know how prices compare	5	2	1	6	3
Opinion not ascertained .....	3	3	2	0	3
Not applicable: owns food store or does not buy food items .....	9	9	12	4	8
	100%	100%	100%	100%	100%
	Occupation of head of spending unit				
	Professional	Managerial	Clerical and Sales	Labor	
Lower .....	23%	24%	20%	17%	
Higher .....	17	6	10	12	
About the same .....	47	47	57	63	
Doesn't know how prices compare	5	4	3	2	
Opinion not ascertained .....	2	2	2	4	
Not applicable: owns food store or does not buy food items .....	6	17	8	2	
	100%	100%	100%	100%	
	Kind of employer				
	Private Industry	Government	Self-employed	Retired or unemployed	
Lower .....	21%	25%	19%	14%	
Higher .....	12	12	7	19	
About the same .....	56	50	52	60	
Doesn't know how prices compare	3	3	5	5	
Opinion not ascertained .....	3	3	1	2	
Not applicable: owns food store or does not buy food items .....	5	7	16	0	
	100%	100%	100%	100%	

TABLE 158. *Consumer Purchase of Canned (or frozen) or Fresh Vegetables*

Purchase of Vegetables	Per cent of consumers
Always buy canned (or frozen) vegetables . . . . .	6
Buy mostly canned (or frozen) . . . . .	5
Buy about half canned, half frozen . . . . .	18
Buy mostly fresh vegetables . . . . .	28
Always buy fresh vegetables . . . . .	38
Do not buy vegetables . . . . .	5
	100%

TABLE 159. *Consumer Practice with Respect to Homemade or Ready-made Clothing*

Practice	Per cent of consumers
Always makes own clothing . . . . .	4
Sometimes makes own . . . . .	30
Never makes own . . . . .	65
Not ascertained whether makes any clothing or buys all ready made	1
	100%

TABLE 160. *Reasons for Preferring Homemade to Ready-made Clothing*

Reason	Per cent of all who make clothing
"Cheaper" . . . . .	57%
"Cheaper and better made" . . . . .	8
"Cheaper and has better style" . . . . .	16
"Has better style, or better made" (no mention of being cheaper)	6
"Enjoy sewing and have time to sew" (no mention of being cheaper)	4
Other considerations . . . . .	4
Not ascertained why prefers to make clothing or whether makes own clothing . . . . .	5
	100%

TABLE 161. *Reasons for Preferring to Finance Durable Purchases on the Installment Plan or to Pay Cash*

Reasons for preferring installment plan	All those who prefer installment plan*
An easy and convenient way to buy; (have use of item while paying for it; making regular payments is better for budgeting income, etc.).....	54%
Only way the items could be acquired; (unable to save money; would take too long to save enough money; number of demands on income make it impossible to save up money for purchases).....	43
Forces saving (where emphasis is on acquiring durables versus spending with no tangible increase in assets).....	6
Other reasons.....	11
Prefers installment buying, reason not ascertained.....	3
Reasons for preferring to pay cash	All those who prefer to pay cash*
Cheaper (saves interest charges, or price is cheaper).....	79%
Do not like to have debts (refers to worry and uncertainty involved; may not be able to make payments and lose what you have paid out, etc.).....	21
Do not like to have debts (refers to inconvenience, nuisance of bill collectors, etc.).....	14
More freedom to shop around.....	5
Frequently results in living beyond one's income.....	1
Other reasons.....	4

\* Totals more than 100% as some persons mentioned more than one reason for preferring one or the other methods of financing.

TABLE 162. *Consumer Opinion of Advisability of Purchasing Items Now or Waiting Until Later*

Opinion	1950 Income					
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more	All spending units \$2000 or more
Better to buy now.....	51%	52%	52%	52%	58%	53%
Better to postpone buying.....	45	45	40	45	35	43
Not ascertained whether believes better to buy now or postpone buying.....	4	3	8	3	7	4
	100%	100%	100%	100%	100%	100%

TABLE 163. *Reasons Given for Buying Now or for Postponing Purchases*

Better to buy now	Per cent of those who think it better to buy now
Expects price increases	37
Expects scarcities	19
Uncertain how things will be later on, may be worse	8
Should always buy when you want or need the item not wait for a better time	24
Other considerations	8
Thinks should buy now, reason not ascertained	4
	100%
Better to postpone purchases	Per cent of those who think it better to postpone purchases
Expects lower prices	22
Present prices too high (no mention of expected lower prices)	34
Things too uncertain now	15
Better to save or invest now (mentions no specific reason)	24
Always better to save	1
Should postpone; other considerations	3
Better to postpone; no reason mentioned	1
	100%

TABLE 164. *Amount of Income Needed, Relative to Present Income, according to Age Group and Size of Family*

Amount of income needed relative to 1950 income	Age of head of spending unit			
	18-34	35-44	45-55	55 or more
Less.....	12%	6%	12%	14%
Same.....	31	14	23	27
More:				
5%-24%.....	13	17	12	11
25%-44%.....	19	18	20	15
45%-64%.....	12	19	11	7
65%-104%.....	10	15	14	16
105% or more.....	2	9	3	7
Not ascertained how much income needed..	1	2	5	3
	100%	100%	100%	100%
	Number of persons dependent on head of spending unit			
	1-3	4-6	7 or more	
Less.....	10%	10%	11%	
Same.....	29	18	13	
More:				
5%-24%.....	15	15	9	
25%-44%.....	16	22	15	
45%-64%.....	12	12	24	
65%-104%.....	9	17	17	
105% or more.....	5	6	10	
Not ascertained how much income needed..	4	0	1	
	100%	100%	100%	



TABLE 165. *Opinion among Income Groups as to Providing for Future*

Opinion	1950				
	\$2000-2999	\$3000-3999	\$4000-4999	\$5000-7499	\$7500 or more
Should make provision	99%	97%	97%	96%	87%
Reasons					
Necessary to have basic necessities when no longer earning a regular income	(50)	(43)	(35)	(40)	(27)
Does not want to depend on others for basic necessities	(28)	(40)	(32)	(33)	(28)
To have more when older, travel retire early, enjoy life	(3)	(5)	(7)	(6)	(9)
Responsibility or obligation of people to provide for their future	(12)	(6)	(22)	(15)	(16)
Should, no reason given	(6)	(3)	(1)	(2)	(7)
Should not have to provide for the future	0	1	0	3	10
Attitude toward providing for the future not ascertained	1	2	3	1	3
	100%	100%	100%	100%	100%

TABLE 166. *Spending Units Having Additional Expenses in 1950*

Had additional large expenses	56%
Kinds of expenses	
Illness	26%
Travel	8
Education	6
Travel and education	2
Illness and education	3
Illness and travel	3
Wedding	2
Other emergency or extra expenditures	3
Kind not ascertained	3
Did not have additional large expenses	43
Not ascertained whether had additional expenses	1
	100%

TABLE 167. *Make of Car Owned*

Make of car	Per cent of all car owners
Cadillac; Lincoln .....	8
Buick; Packard; Chrysler; Pontiac; Oldsmobile; De Soto; Dodge; Hudson .....	53
Studebaker; Kaiser; Nash .....	10
Chevrolet; Ford; Plymouth .....	26
Other makes .....	3
	<hr/> 100%

## APPENDIX B

# METHODOLOGY

### *Research Method*

The sample interview survey method was employed in the present study. Briefly this method involves interviewing a selected sample of people, who are representative of the population to be studied; the population in the present study is all families in Puerto Rico with 1950 incomes of \$2000 or more. Within the limits of sampling error, facts and opinions collected in interviews with the heads of selected families are representative of facts and opinions which would have been obtained if *every* family in the Island with incomes of \$2000 or more had been interviewed.<sup>1</sup> A specific description of each step in the survey process employed in the present research follows.

### *The sample*

The objective of the sampling process was to select a group of people for interviewing who would be representative of all the spending units in the Island with incomes of \$2000 or more. This was accomplished by making use of information accumulated by the Bureau of Labor Statistics in the Puerto Rico Department of Labor. The Bureau periodically conducts studies of the employment status of the Insular labor force, and for these studies employs an area sample of approximately 6000-7000 dwelling units. In selecting this sample, the Bureau stratifies its primary sampling units (one or more municipalities) by region, degree of urbanization, and, in the coastal areas, by the nature of the principal industry. An over-all sampling ratio of 1/70 is used, so that the BLS sample includes every 70th dwelling unit in Puerto Rico. Interviewing is done in each of 24 places, including each of the major cities.

In its study conducted in February 1951, the Bureau of Labor Statistics

<sup>1</sup> Sub-samples are also representative, within the limits of sampling error. That is, when the sample is subdivided into businessmen, clerical workers, laborers, etc., figures based on the sample of businessmen may be considered representative of all the businessmen in Puerto Rico with incomes of \$2000 or more. Of course, the number of cases of businessmen is small; sampling error is greater for sub-sections of the sample, and results must, therefore, be interpreted with more caution, but the sub-samples provide *unbiased* estimates of the groups which they represent.

added questions concerning income to its basic interview schedule. When the study was completed, therefore, it was possible to make up a list of all the dwelling units in the sample where the occupants had a total 1950 income of \$2000 or more. If this list were complete, it would constitute an unbiased sample of the Island's upper-income families—including every 70th dwelling unit whose income totaled \$2000 or more.

The BLS interviewers were not able to obtain income data from every dwelling unit which fell into their sample—due to refusal, not-at-homes, illness, etc. When they could not get the income data, interviewers made a rating of the dwelling unit, indicating whether, in their judgment, the dwelling was probably occupied by people with incomes of \$2000 or more.

For the present study, the list which was made up by the BLS included 689 dwelling units—596 which were known to contain occupants with incomes of at least \$2000, and 43 which were rated by interviewers as probably containing such occupants.

Some of these dwelling units were discarded from the present sample because there were several spending units in the dwelling, and although the incomes of all the spending units taken together totaled more than \$2000 no single spending unit in the dwelling had an income as high as this.<sup>2</sup> The losses from the original sample list were as follows:

Original number of dwelling units	689
Not eligible—no spending unit with income of \$2000 or more	42
Vacant	11
Total dwellings at which interviews should have been taken	634
Not at home after repeated calls (including several families travelling abroad)	11
Interviewer could not locate dwelling	5
Refused to be interviewed	15
Total dwellings at which interviews were taken	603

Thus interviews were taken at 95 % of eligible dwelling units—2 % were lost through refusals to be interviewed, 3 % through inability to locate the respondent. There is another possible source of incompleteness in the sample: the BLS interviewers, in rating dwellings where they were unable to obtain income data, may have rated as under \$2000 some dwellings where the occupant actually had incomes higher than this, and in this way, some dwellings probably were not included in the original list which should have been included. It is impossible to estimate the magnitude of this error—whatever bias it introduces would be in the direction of under-representing the group who are just over the \$2000 dividing line.

The dwellings found to be eligible (because they contained spending units with incomes of \$2000 or more) constitute approximately 10 % of the dwelling units in Puerto Rico.

\* For definition of a "spending unit" see page 144.

The sample is highly concentrated in urban areas, as might be expected. About three fourths (73 %) of the dwelling units containing spending units with incomes of \$2000 or more are in urban areas; and over one half (56 %) are from the San Juan Metropolitan area.<sup>3</sup>

A very large proportion (91 %) of the dwellings selected contained only one spending unit. In multiple-spending-unit families, all spending units were interviewed, even if the secondary spending units had incomes of less than \$2000, so that data could later be computed by family units rather than spending units if this should prove desirable. However, for the present report, secondary spending units with incomes of less than \$2000 have been excluded, and the final sample includes 630 cases, of which 603 are primary and 27 secondary spending units.

Time and budget did not permit the exact computation of sampling errors. Formulas for the sampling error of simple random sampling are not directly applicable, since the BLS sample was both stratified and clustered. The stratification presumably reduced sampling error somewhat, and the clustering presumably increased it, but the magnitude of the effect of these two factors on the final sampling error (and whether they approximately cancel one another) is not known. In computing the significance of differences for the present report, formulas for unrestricted random sampling have been employed, and fairly conservative confidence limits have been used (1 % level) for designating which differences are to be considered significant.

### *The Interview Schedule*

Questions used ranged from quite detailed specific questions, such as, "Do you own a car?" to more general questions designed to permit free response concerning a specific subject or behavioral act; for example, "In your kind of business, if a person wanted to expand his business what things do you think would stand in his way?" It was often necessary to use a number of specific questions to measure one variable, such as the amount a family spent on purchases of household durables during a given year. Rather than to require, or expect, the respondent to summarize for the interviewer the approximate amount spent for all such purchases during the past year, he was asked, first, whether or not he bought any household items, such as furniture, a refrigerator, etc. If such purchases were made, he was then asked what particular things were bought and the price paid for each item.

Two main principles were followed in the choice of question wording. One was to make the area of inquiry, or information sought, as specific and clear in meaning as possible, to avoid ambiguity in the subject under discussion; and two, to avoid the suggestion of "right" or "wrong" answers

<sup>3</sup>Includes San Juan and Rio Piedras Municipios.

to questions, thus permitting the respondent to state facts or opinions which reflect his own personal situation or position. So that comparisons could be made with certain consumer actions in the United States, questions to obtain similar items of information were used and exact question wording employed in the United States surveys of consumer finances (within the limits of translation) was used when it was evident in the pretest or "trial" interviews (discussed later) that the question was applicable and workable.

Schedules in both Spanish and English were necessary to accommodate all families included in the sample. Careful attention was given to maintaining exactness and clarity of meaning of the questions in both languages. This was done primarily by getting agreement among all the staff members on the project and by selected testing of question meaning with other staff members of the Social Science Research Center, and qualified people outside the center. The questionnaire was originally written in English, and then translated into Spanish. Then a bilingual person translated the Spanish form back into English, a process which permitted a check on any changes in meaning which had occurred during the translation.

The questionnaire was subjected to a thorough trial or "pre-test" before actual collection of data was begun. The purpose of the pre-test was to insure that the question could be understood; also to see that the question as worded established the frame of reference relevant to the particular variable being measured and did not detract from the level of rapport required to obtain or maintain the cooperation of the respondent in the interview situation. The sequence of questions also is important in achieving this latter objective. The pre-test was accomplished through interviewing a number of families who were drawn from the same groups who would be represented in the final sample of families. Necessary changes and modifications were made following each pre-test session with a group of families. Each question in the exact form in which it was included in the final questionnaire was tested in the "real" situation with a group of families before full scale interviewing began.

### *Interviewing*

A staff of 18 persons carried out the interviewing of the families included in the sample. The group was selected from different areas of the Island to facilitate interviewing in the widely separated sample points. A one-week intensive training session for the whole group of interviewers preceded the actual interviewing. Training had two particular emphases: first, to develop understanding of and skill in non-directive interviewing using specific questions; and second, to develop an understanding of the over-all objective of the research and the specific objectives for which the individual questions were designed. The training process was carried out through group dis-

cussion, supplemented by explanations by the training leader and written materials. Each interviewer had interviewing experience during the training; first through interviewing another staff member of the project in group interview sessions in which the whole group discussed techniques and problems demonstrated in the practice session, and second, by interviewing a family selected at random where the situation was fully representative of the actual interviews he would later take. Results of their individual experiences in the actual interview situation were then discussed by the entire group of interviewers and other project staff members.

Interviewers were given specific addresses of dwellings at which interviews were to be taken. An interview was taken with the person in each family residing at the dwelling selected who makes the major financial decisions for the family. Interviews were usually made in the home; if the appropriate person to be interviewed were not at home on the interviewer's first call an appointment was made to see him at a later time, or calls back were made at a time better calculated to reach people who were not in at the time of the first visit. Interviews required on the average from one hour to one and one half hours. Interviewers were instructed to use a generally uniform simple explanation of the study and need for the respondent's participation, and to assure the respondents of individual anonymity. In addition, each interviewer was furnished with copies of a personal letter from the Director of the Social Science Research Center to each respondent selected for interview explaining the purposes of the research and the fact that information received from individuals would be treated confidentially.

The interviewers recorded, in appropriate blanks on the printed questionnaire, the responses to questions requiring a "yes" or "no" answer or reports of dollar-amount figures. Responses to attitudinal and opinion questions were recorded as nearly verbatim as possible in a separate notebook.

### *Editing and coding*

Schedules were mailed to the central office as they were completed by the interviewers. They were reviewed for completion of all items, and for internal consistency of dollar amounts reported. For example, if amounts spent plus amounts saved exceeded income, the interviewer was asked to reconcile the difference by again visiting the respondent to clarify questionable amounts reflecting either a reporting or recording error in the initial visit. In addition, if necessary financial information were lacking because an item had been omitted in the interview, the interviewer was asked to revisit the respondent and obtain the needed information.

The interview data were classified according to a series of numbered code categories; the appropriate number, reflecting the particular classification of a response, was recorded on a special form which could be used in trans-

ferring the number classification to Hollerith cards for IBM tabulations. A staff of six people coded the interview data; each interview had a total of 179 separate code items. Many of the codes did not involve judgment on the part of the coder but required accuracy in assigning the correct code number to the interview information—in some cases this involved transferring directly the information reported in answer to a specific question; in other cases it involved obtaining a resultant amount derived from additions or differences in a number of specific amounts.

In coding the responses to attitudinal and opinion items the coder was required to make judgments as to factually and psychologically different responses based on general principles and understanding of category definitions developed in the training and early coding sessions. The number and specificity of such categories was based on the variation in responses observed in a large sample of interviews and the amount of detail required in the analysis of survey findings. To take account of errors and differences in coder judgments, a system of "check coding" was followed. This involved an independent coding of the same interview by two persons; differences in coding and understanding of category definitions were discussed and reconciled. During most of the coding, every fifth interview was independently coded by another person and differences discussed. In the latter stages of coding it was necessary to "check code" only every tenth interview. The percentage of difference in judgments in terms of maximum possible differences which could arise reflects a high degree of agreement in independent coder decisions and judgments. In most items the percentage of error or differences in judgments was less than 5 % and in no instance exceeded 16.3 %.



## APPENDIX C

### DEFINITION OF TERMS

*Spending unit.* All persons who are members of the same family (related by blood, marriage or adoption) living in the same dwelling and who depend on a common or "pooled" income for major living expenses. In some instances there is more than one spending unit within the same family. However, the word "family," in this report, is used interchangeably with the word "spending unit" as no separate analysis is made of family units which combine multiple spending units within one family unit. A member of a family will be considered a separate spending unit if he (a) is at least 14 years old; (b) earns at least \$18.00 a week, and (c) contributes less than half of this amount for family living expenses.

*Head of spending unit.* The person who makes all or major financial decisions for the spending unit (in most cases this is the chief wage earner).

*Consumer durable goods.* Includes consumer non-perishable hard goods such as household items of furniture, refrigerator, washing machine, radio, vacuum cleaner, etc. or automobile. "Household" durables when used in this report designates inclusion of all durable items except a car. Clothing, house furnishings such as draperies, china, etc., are not included in "durable goods."

*Liquid assets or liquid holdings.* Amounts held in Government Bonds (Series A-F); in bank deposits (checking or savings accounts), postal saving or amounts kept in cash (except amounts kept for regular current use).

*Installment purchases and installment credit.* Purchases (usually of automobiles and other durable goods, house furnishings, clothing, jewelry, etc.) bought under contract stipulating monthly payments and granting the seller the right to recover the item if the purchaser defaults on payments. Purchases, and credit ensuing, exclude purchases bought on regular credit accounts with stores (usually payable within 90 days and not involving interest charges).

*Personal loans or borrowing.* Borrowing from banks, credit or loan organizations, or private individuals.

*Income.* Money earned for personal services rendered or in interest, dividends, bonus, unemployment compensation, pensions, etc. Excludes gifts of money, inheritance, lottery winnings, money received in repayment of loans, (except interest earned), in sale of assets or lump-sum cash receipts from insurance policies.

# APPENDIX D

## QUESTIONNAIRE

Social Science  
Research Center  
University of Puerto Rico

March 1951

Office	P.C. _____
Use	S.U.C. _____
Only	

### STUDY OF SAVING AMONG UPPER INCOME FAMILIES IN PUERTO RICO

#### Face Sheet 1—INFORMATION ABOUT THE DWELLING UNIT

Interviewer \_\_\_\_\_ Interview No. \_\_\_\_\_ Date \_\_\_\_\_

Municipio \_\_\_\_\_ Barrio \_\_\_\_\_

IN TOWN, CITY, OR URBAN BARRIO

IF OPEN COUNTRY

Town or City _____	Block No. _____	Segment No. _____
Address or Description of Dwelling _____		E. D. _____
Apt. No. _____		

1	2	3	4 (If yes)	5 (If yes)	6	7
How many people, 14 years of age and over, live here?	Family Unit No.	Does he (she) receive \$3 or more per week from any source?	Does he (she) keep his finances separate?	Does he (she) contribute less than one-half*	Spending Unit No.	Respondent (check)
HEAD OF DWELLING UNIT	1	—	—	—	1	

(List in same order on all face sheets for this dwelling unit)

\* If yes, that is, if he (she) contributes less than one-half to the family's main living expenses he (she) is a separate spending unit. If No he (she) is not a separate spending unit. The main spending unit should be numbered "1". Number each additional spending unit in the household; 2, 3, etc.

## Face Sheet II—INFORMATION ABOUT SPENDING UNIT INTERVIEWED

8. Do you (SU) have any children less than 14 years old?  
(If Yes) How many? (All Children in SU) \_\_\_\_\_
9. Besides your (wife, children, other members of SU) do you have any other relative who does not live here and who is dependent on you for more than half of his living? ☐ None ☐ One ☐ Two ☐ Three ☐ More than 3
10. Occupation of HEAD of spending unit: What is your (his) occupation? What kind of work do you (he) do? \_\_\_\_\_
11. (If unemployed or retired) When you are (were) working what kind of work do you do? \_\_\_\_\_

If head is  
working now

11a. Do you work for yourself or for someone else?

☐ Self

☐ Someone else

11b. (If someone else) What kind of a business do you work for? \_\_\_\_\_

12. Were you doing the same kind of work (Unemployed, retired) during 1950? \_\_\_\_\_  
12a. (If No) What did you do then? \_\_\_\_\_

13. Age of HEAD ☐ 18-24 ☐ 25-34 ☐ 35-44 ☐ 45-54 ☐ 55-65 ☐ 65-or over

14. Education of HEAD: How many grades of school did you (head) finish?  
(Circle the highest grade completed)

None 1 2 3 4 5 6 7 8 9 10 11 12 more

- 14a. (If 12 or more) Have you (head) attended a college or university?

☐ Yes

☐ No

15. Are you (head) a veteran of World War II? ☐ Yes ☐ No

16. Sex of HEAD ☐ Man ☐ Woman

17. Sex of RESPONDENT ☐ Man ☐ Woman

Call No.	1	2	3	4	5	6	more (specify)
Time of Day							
Day of Week							
Results							

## BUYING HABITS

I would like to ask you a few questions about how you buy food and other items.

18. Do you (or does your wife) usually buy food at the same place(s) or do you (or does she) shop around and sometimes buy in one store and sometimes in another? \_\_\_\_\_

(If usually buy at same place or places) 18a. How does it happen that you do this? \_\_\_\_\_

18b. Have you ever thought of buying elsewhere?

Yes \_\_\_\_\_ No \_\_\_\_\_

18c. (If yes) Why didn't you? \_\_\_\_\_

19. At what kind of store do you buy most of your food?

\_\_\_\_\_ Large stores (such as Plaza Provision, PRACO, etc.)

\_\_\_\_\_ market

\_\_\_\_\_ small stores (neighborhood)

\_\_\_\_\_ other (specify)

20. Why do you buy at this kind(s) of store? \_\_\_\_\_

21. How do you think the prices you pay for things you buy in this kind of store compare with prices in other places? \_\_\_\_\_

22. Would you tell me something about how you buy vegetables. Do you buy canned (or frozen) \_\_\_\_\_, fresh \_\_\_\_\_, or both kinds \_\_\_\_\_?

(If both kinds: 22a. About what part of the vegetables consumed by your family last week was canned (or frozen) and what part was fresh?

mostly canned (or frozen) \_\_\_\_\_

about half canned and half fresh \_\_\_\_\_

mostly fresh \_\_\_\_\_

23. When you buy canned foods to you usually buy the same brand?

always the same \_\_\_\_\_

almost always the same \_\_\_\_\_

sometimes the same \_\_\_\_\_

never any particular brand \_\_\_\_\_

24. Now, would you tell me something about how you (or your wife) buy clothing. Does she (or do you) make her own clothing or does she buy most of the clothing ready made?

Always makes own \_\_\_\_\_ sometimes makes own \_\_\_\_\_ never makes own \_\_\_\_\_

(If makes some or all clothing: 24a. Why do you prefer making your clothing? \_\_\_\_\_

#### MAJOR EXPENDITURES AND BORROWING

25. Now about items such as furniture, a refrigerator, radio, household appliances and so on—did you buy anything of this nature during the past year, 1950? (If Yes) What did you buy?

Nothing

25a. Anything else? \_\_\_\_\_

If  
bought  
any  
durable  
goods  
in 1950

Name of Purchase				
26. About how much did the _____ cost?		\$ _____	\$ _____	\$ _____
27. Did you pay it <i>all</i> in cash or did you buy it on the installment plan		C _ I _	C _ I _	C _ I _
If in- install- ment	28. How large a down-pay- ment did you make?	\$ _____	\$ _____	\$ _____
	29. How much did you pay off in installment pay- ments in 1950?	\$ _____	\$ _____	\$ _____

30. Aside from the article(s) we have been talking about, was there anything that you bought on the installment plan last year, in 1950, such as jewelry, things from Sears and so on? (If yes) What was it that you bought?

Nothing \_\_\_\_\_

If bought some-  
thing else on in-  
stallment

30a. Did you owe some money on it at the end of 1950?

Yes \_\_\_\_\_ No \_\_\_\_\_

(If yes) How much did you owe? \$ \_\_\_\_\_

31. Do you expect to buy any large items (such as furniture, radio, refrigerator, etc.) during the next year or so? \_\_\_\_\_

31a. (If yes) How do you plan to finance this?

Installment plan \_\_\_\_\_ All cash \_\_\_\_\_ Some items on installment, others with cash \_\_\_\_\_

32. Do you own a car? One \_\_\_\_\_ Two \_\_\_\_\_ Three or more \_\_\_\_\_ None \_\_\_\_\_

32a. What make? \_\_\_\_\_

32b. What year? \_\_\_\_\_

32c. Did you buy your car new or used? \_\_\_\_\_

33 When did you buy it? \_\_\_\_\_

If bought in  
1950

34. What was its total price? .....	\$ _____
35. Did you trade-in or sell a car in 1950?	
<input type="checkbox"/> Trade-in	<input type="checkbox"/> Sold
<input type="checkbox"/> Neither	
36. <i>If Traded-in or sold:</i>	
How much did you get on the trade-in (sale)? .....	\$ _____
37. Did you buy the car on the installment plan—or did you use only your own cash?	
<input type="checkbox"/> Cash	<input type="checkbox"/> Installment
38. <i>If Installment:</i>	
How large a cash down-payment did you make (in addition to trade-in, if any)? .....	\$ _____
39. That means you had about \$ _____ left to pay after you made your down-payment (and trade-in). How much of that did you pay off in installment payments in 1950? .....	
	\$ _____

# ASK EVERYONE

40. Do you expect to buy a car in the next year or so? \_\_\_\_\_

(If yes or it depends) 41. How do you expect to finance it? Will you pay all cash or buy on the installment plan?

Cash \_\_\_\_\_ Installment plan \_\_\_\_\_ Don't know \_\_\_\_\_

42. During 1950, did you make any installment payments on things like automobiles, furniture, household appliances, clothing and

so on that you had bought before 1950? ☐ Yes ☐ No

(If Yes)

43. About how much did you pay in these installment payments during 1950? \$ \_\_\_\_\_

44. About how much did you have left to pay at the end of the year, 1950? \$ \_\_\_\_\_

45. When people need a fairly large item such as furniture, refrigerator, radio, and so on, they can either buy it on the installment plan or wait until they can pay cash. Which do you think is best?

Buy on installment plan \_\_\_\_\_ Wait and pay cash \_\_\_\_\_

46. Why do you think this is best? \_\_\_\_\_

47. (If R has not talked about the installment plan) What do you think of the installment plan as a way of purchasing these large items?

## HOUSING AND OTHER PROPERTIES

48. Do you own your home or pay rent here?

Own \_\_\_\_\_ Rent \_\_\_\_\_ Neither \_\_\_\_\_

49. (If owns) When did you buy or build your home? \_\_\_\_\_

If bought during 1950

50. How much did you pay for it? \$ \_\_\_\_\_

51. How did you finance it? I mean, did you take out a mortgage, or what? \_\_\_\_\_

52. (If mortgage or other borrowing) How large a mortgage did you take out? (How much did you borrow?) \$ \_\_\_\_\_

53. What was the rate of interest? \_\_\_\_\_ %

If owns home

54. Did you make any mortgage payments on your home during 1950?

☐ Yes ☐ No

55. (If Yes) How much were your mortgage payments altogether in 1950? \$ \_\_\_\_\_

56. Can you tell me how much of this was payment on the principal? (Exclude both interest and taxes) \$ \_\_\_\_\_

57. Did you have any expenses for additions to the house repairs, upkeep, etc., in 1950? ☐ Yes ☐ No

58. (If Yes) What kind of repair or additions did you make?

Type of repair, addition, etc.

59. How much did you spend for

\$

\$

\$

Ask of all home owners who bought their home *before* 1950

60. Could you tell me what the present value of your home is? I mean about what would it bring if you sold it today? .....\$.....

ASK EVERYONE

61. Do you own any other real estate, such as another house, an apartment house, a summer home, a farm, or a lot or any commercial property?

☐ Yes

☐ No

(If Yes) 62. What kind of property is that? .....

63. Did you buy any of this property in 1950? .....

If bought other real estate in 1950. If more than one ask about each

64. How much did you pay for it? .....\$.....

65. How did you finance it? I mean, did you take out a mortgage or what? .....

66. (If mortgage or other borrowing) How large a mortgage did you take out? (How much did you borrow?) .....\$.....

67. What was the rate of interest? .....%

If owns other real estate

68. Did you make any mortgage payment on this property during 1950? ☐ Yes ☐ No

(If Yes) 69. How much were your mortgage payments altogether in 1950? .....\$.....

70. Can you tell me how much of this was payment on the principal? (Exclude both interest and taxes) .....\$.....

71. Did you have any expenses for additions to the property repairs, upkeep, etc., in 1950?

☐ Yes

☐ No

(If Yes) 72. What kind of repair or additions did you make? .....

Type of repair, addition, etc. ....

73. How much did you spend for .....\$..... \$..... \$.....

74. Did you sell a home, or land, or any other kind of real estate during 1950?

(If sold any property during 1950) 75. What was the price you sold it for? .....\$.....  
76. Is any of this money still owed to you?

☐ Yes

☐ No

(If Yes) How much? .....\$.....

77. Did you have a mortgage on that property?

☐ Yes

☐ No

(If Yes) How large was the mortgage at the time it was sold?.....\$\_\_\_\_\_

78. Do you expect to build or buy a house, or buy some land or other real estate, in the next year or so?.....

(If expects to buy or build)

79. About how much do you plan to pay for it?..\$\_\_\_\_\_

80. How do you think you will finance it—will you borrow any part of the money? ☐ Yes ☐ No

☐ Don't know

(If will borrow) About how much will you probably borrow?.....\$\_\_\_\_\_

# OTHER BORROWING AND DEBTS

82. Some people borrow from a bank, loan company or private individual. Did you borrow any money in this way in 1950? (other than borrowing for housing, cars or durable discussed earlier) ☐ Yes ☐ No

(If Yes)

83. About how much did you borrow?.....\$\_\_\_\_\_

84. What was the rate of interest of the loan?..\$\_\_\_\_\_

85. Did you make any payments on this (or these) loan during 1950? ☐ Yes ☐ No

(If Yes) 86. How much did you repay?....\$\_\_\_\_\_

87. Did you make any payments on old loans of this kind during 1950, I mean, money borrowed before 1950?..... ☐ Yes ☐ No

(If Yes)

88. About how much did you repay?.....\$\_\_\_\_\_

89. How much did you have left to pay on these old loans at the end of 1950?.....\$\_\_\_\_\_

90. Did you lend any money (aside from mortgage) during 1950? ☐ Yes ☐ No

(If Yes) 91. About how much did you lend?.....\$\_\_\_\_\_

92. In 1950 did anyone repay you money they owed to you? (Include repaying of loans made previous to 1950) ☐ Yes ☐ No

(If Yes) 93. How much was that?.....\$\_\_\_\_\_

94. Do you have charge accounts with a grocery store, drug store or other stores ☐ Yes ☐ No

(If Yes) 95. Did the amount you owed on these accounts increase or decrease during 1950?

Increased\_\_\_\_\_Decreased\_\_\_\_\_Remained about the same\_\_\_\_\_

96. (If increased or decreased) About how much did they (increase \$\_\_\_\_\_)(decrease \$\_\_\_\_\_)?

97. About how much did you owe on these accounts at the end of 1950? \$\_\_\_\_\_



98. We have talked about several kinds of expenses. During 1950, did you have any other large expenses which we did not talk about, such as travel, education of children, weddings, hospital bills, or other emergencies, and so on?
- \_\_\_\_\_
- \_\_\_\_\_

99. In order to get an accurate picture of how the people are getting along financially we need to know the income of all the families we interview in the study. Would you tell me what your total income was in 1950? I mean, including yours and \_\_\_\_\_ (other members of the spending unit) \$ \_\_\_\_\_

# LIQUID ASSET HOLDINGS

We want to find out something about the amounts people put into different forms of savings during the year, 1950. We would like to consider first of all, the amount you had on January 1, 1951 and then compare it with the amount you had a year earlier than that, January 1, 1950.

100. Did you have any U.S. Government savings bonds at the beginning of 1951? How about (SU) did they have any of these bonds Jan. 1, 1951?

☐ Yes

☐ No

If had any  
A-F bonds  
January,  
1951

101. About how much did you own in regular savings bonds (A-F) at the beginning of the year, maturity value, that is? I mean, including the bonds your (SU) had too?	\$ _____
102. Did you get any of these bonds during 1950? (If yes) How many did you (SU) get? (Maturity value) (Subtract)	\$ _____
Result	\$ _____
103. Some people used some of their bonds last year. Did you (SU) cash any of your bonds in 1950? (If yes) How many? (Maturity value)	Add \$ _____
103. That means you had at the beginning of 1951 (copy from Q. 101)	\$ _____
in bonds and you had a year before that about	\$ _____
Does that seem about right?	_____

If had no  
A-F bonds,  
Jan. 1951

105. Did you (SU) have any saving bonds at the beginning of 1950?	<input type="checkbox"/> Yes <input type="checkbox"/> No
(If yes) About how much did you have?	\$ _____

106. At the beginning of 1951, did you (SU) have any U.S. Government bonds that pay interest currently? ☐ Yes ☐ No

If had interest paying  
bonds Jan.  
1951

107. About how much did you (SU) have in such bonds at the beginning of 1951?	\$ _____
108. About how much did you (SU) have in such bonds a year before that, at the beginning of 1950?	\$ _____

Total 1951 and a year before holdings of Government Bonds

\$ \_\_\_\_\_ \$ \_\_\_\_\_  
(1951) (1950)

From previous page, enter total January 1951 and year before holdings of Government savings bonds ..... \$ ..... \$ .....

109. Some people keep savings accounts in a bank. Did you (SU) have a savings account in a bank at the beginning of 1951? ☐ Yes ☐ No (if yes) Did you have more than one account?

If had savings account(s) in bank Jan. 1951

110. About how much did you have in your savings(account)s on Jan. 1, of this year? ..... \$ .....

111. About how much did you have in your savings account (accounts) a year before that, Jan. 1950? ..... \$ .....

If had no savings account(s) in bank Jan. 1951

112. Did you (SU) have a savings account in a bank at the beginning of 1950? ☐ Yes ☐ No (If yes)

How much did you have in it at that time? ..... \$ .....

113. Did you have any money in a postal savings account at the beginning of this year, 1951? (R & SU)

☐ Yes ☐ No

If had postal savings account, Jan. 1951

114. About how much did you (SU) have in these accounts on January 1, 1951? ..... \$ .....

115. How much did you have in these accounts a year before that, January 1, 1950? ..... \$ .....

If had no postal savings, Jan. 1951

116. Did you have any money in postal savings on Jan. 1, 1950?

☐ Yes ☐ No (if yes) About how much did you have at that time? ..... \$ .....

117. At the beginning of 1951, did you (SU) have a checking account with a bank? ☐ Yes ☐ No (If yes) Did you have more than one account?

If had a checking account, Jan. 1951

118. About how much did you (SU) have in your checking account (s) at the beginning of 1951? ..... \$ .....

119. About how much did it run a year before that time? ..... \$ .....

If had no checking account Jan. 1951

120. Did you have a checking account at the beginning of 1950?

☐ Yes ☐ No (If yes) About how much did you have in it at that time? ..... \$ .....

121. Some people save by putting their money away in some safe place in the form of cash. Do you save in this way?

☐ Yes

☐ No

(If yes)

122. At the beginning of this year, how much did you have put aside in the form of cash?	\$ _____
123. How about a year before that, how much did you have in the form of cash savings?	\$ _____
Enter totals here	\$ _____ \$ _____
	1951 1950

124. Now adding all this together I find that you had \$ \_\_\_\_\_ in bonds and deposits at the beginning of 1951 and \$ \_\_\_\_\_ at the beginning of 1950. You (added, used) about \$ \_\_\_\_\_ to (from) your savings. Is that about right?

If total assets less than year ago 125. What sort of things did you use this money for? \_\_\_\_\_

If had assets at beginning of 1951 126. What are you planning to do with this money you have accumulated in bonds and in the banks? \_\_\_\_\_

Write answers to the following questions (127-134) in your notebook

127. Suppose a person has some money over and above what he needs for his expenses. What do you think is the best thing for him to do with it

- Put it in the bank, \_\_\_\_\_
- Buy government savings bonds with it, \_\_\_\_\_
- Put it in postal savings, or \_\_\_\_\_
- Keep it in the form of cash? \_\_\_\_\_

128. Why do you make that choice? \_\_\_\_\_

129. (For each item not mentioned) You didn't mention \_\_\_\_\_  
What do you think of them?

130. Do you know about the Christmas Club? ☐ Yes ☐ No

If knows about the 131. What do you think of this plan of saving?

Christmas Club 132. Do you have a Christmas Club Saving account?

133. If the Insular Government issued small-denomination bonds that pay interest, do you think you would want to purchase some of these bonds?

134. Why do you think you would (or would not) want to buy them?

#### OTHER ASSETS

135. Do you (R. & SU) carry any life insurance? ☐ Yes ☐ No

(If Yes) 136. How much did you put into life insurance payments altogether during 1950? \$ \_\_\_\_\_

137. During 1950, did you cash in any insurance policies or did you receive any one-time cash payment from an insurance Policy?

(If Yes) 138. How much did you receive? \$ \_\_\_\_\_

139. Did any of your income (R. and SU) go into a retirement fund?

☐ Yes

☐ No

(If Yes) How much went into it?.....\$\_\_\_\_\_

140. During 1950, did you (R. & SU) inherit any money or bonds, or did you receive any large gift of money or bonds or win a lottery prize?\_\_\_\_\_

(If Yes) About how much?.....\$\_\_\_\_\_

141. Do you own any stocks or bonds (not including U.S. savings bonds)?

☐ Yes

☐ No

If owns  
stock

142. Is it stock that is sold to the general public or stock in a privately owned corporation?\_\_\_\_\_

143. Are any of these stocks or bonds in Insular Industries or Corporations?

All Insular \_\_\_\_\_ Most \_\_\_\_\_ Half \_\_\_\_\_ Less than half  
\_\_\_\_\_ None \_\_\_\_\_

(If any Insular) 143a. In what kind of industry?\_\_\_\_\_

144. Did you buy or sell any stocks or bonds in 1950? I mean not counting U. S. Government bonds.

bought \_\_\_\_\_ sold \_\_\_\_\_ both bought and sold \_\_\_\_\_ neither

If bought  
and/or sold  
stocks

145. About what was the net difference between the amount you paid for the securities bought last year and the amount you received for securities sold?

Purchase greater than sales (net) (or purchase only)...\$\_\_\_\_\_

Sales greater than purchase (net) (or sales only)....\$\_\_\_\_\_

146. Do you have any money invested in mortgages?

☐ Yes

☐ No

If has money  
invested in  
mortgages

147. Did you invest any of the money during 1950? Yes \_\_\_\_\_  
No \_\_\_\_\_

(If Yes) 147a. How much did you lend during 1950 in the form of mortgage loans?.....\$\_\_\_\_\_

148. How much did you receive in payment from mortgages during 1950?.....\$\_\_\_\_\_

149. How much of this was payment on the principal?...\$\_\_\_\_\_

150. Do you own a business or have part interest in a business? (I mean in unincorporated business). ☐ Yes ☐ No

If owns a  
business or  
has part in-  
terest

151. Aside from the money you may have taken out of the business in the form of salary or profits, was there any additional profit which you left in the business? ☐ s ☐ No

(If Yes) 152. About how much did you leave in? ... \$ \_\_\_\_\_

153. During 1950, did you put any additional money into a business (besides the profit you left in) by enlarging your business or investing in new business? ☐ Yes ☐

(If Yes) 154. About how much did you put in? ... \$ \_\_\_\_\_  
(If left profit in, or in-vested new money) 155. What did you do with the money you left in (put in) the business?

Expanded inventory \_\_\_\_\_  
increased accounts receivable \_\_\_\_\_  
New building, equipment \_\_\_\_\_  
Other (specify) \_\_\_\_\_

156. During 1950, did you take any money out of business by liquidating business assets? (not counting profits taken out)

☐ Yes ☐ No

(If Yes) 157. About how much did you take out? ... \$ \_\_\_\_\_

158. About how much is your interest in the business worth? Is it approximately:

under	\$1,000	\$5,000	\$10,000	\$15,000	\$25,000
\$1,000	4,999	9,999	14,999	24,999	or more

#### ASK OF ALL PERSONS WHO OWN A FARM

159. During 1950, did you use some of the profits from your farm or some additional money (exclude business profits and investment mentioned in questions 151-153) to increase your investment in the farm? I mean other than buying new property or any repairs or new construction.

(If used profits or new money to increase farm investment)

160. What did you do?

Bought new truck, tractor, etc. \_\_\_\_\_

Planted acreage which had not been cultivated before \_\_\_\_\_

Other (specify) \_\_\_\_\_

162. About how much did you put in? ... \$ \_\_\_\_\_

162. In 1950, did you take any money out of the farm by liquidating farm assets? (not counting profits taken out or sale of land)

(If liquidated farm assets) 163. About how much did you take out? ... \$ \_\_\_\_\_

164. Could you tell me what the present value of your farm is? I mean including land, buildings and machinery. What would it bring if you sold it? ... \$ \_\_\_\_\_

INVESTMENT

(For all of the remaining questions, write answers in notebook)

ASK OF THOSE WHO HAVE MORE THAN \$500 IN LIQUID ASSETS OR WHO HAVE INVESTMENTS IN REAL ESTATE (NOT INCLUDING OWN HOME) OR SECURITIES

165. Of all the ways of investment that are available to a person these days such as, real estate, stocks or bonds, mortgages or a business of one's own, which do you think is the best way for a person to invest his money?

Real estate \_\_\_\_\_ Stocks or bonds \_\_\_\_\_ Mortgages \_\_\_\_\_ Business \_\_\_\_\_

165a. Why do you make that choice?

165b. (For each not mentioned) You didn't discuss....What do you think of that?

(If not mentioned) 165c. Which do you think pays the best returns?

165d. Which do you think is safest?

166. In general, do you think a man is better off to own stock in an industry here on the Island or in Industry elsewhere?

(If indicates 166a. Why is that?

Puerto Rico 166b. In what kind of industry?

Rican industry)

167. As you know, in the past few years there has been quite a large industrial development here in Puerto Rico. Do you think an investor would find it to his advantage or disadvantage to invest his money in some of these manufacturing enterprises? Why?

If not mentioned) 168. How about if the Government guaranteed investment in manufacturing enterprises, do you think an investor would then want to invest in such industry here?

Ask people who now invest in Real Estate  
Stocks,  
Mortgages  
or own Business

169. You have told me that you have been putting your money in....., do you think you will make any changes in the next year or so in the way you invest your money?

(If planning to change 170. What kinds of changes will you make?

(If not planning to change) 171. What kinds of things would cause you to consider changing your investment from.....  
....(copy kind of investment as in Q169) to some other kind of investment?

DECISIONS OF BUSINESS MEN

ASK ONLY OF THOSE WHO OWN A BUSINESS

172. You have told me that you own your business. The business man has to make many kinds of special financial decisions that other people do not have to make. I would like to ask you a few questions about how you decide on some of your business policies. For instance, would you tell me something about how you decide what price to charge for the items you sell?

(If R. is producer) 172a. How do you decide how much to add to the total cost of production?

(If retail)

172b. How do you decide how much to add to the whole sale price?

173. How much difference do you think it would make in the number of customers you have if you lowered the price on a few items or ran specials more often?

174. As far as you are concerned, would you prefer to run a business with a small volume and fairly large margin or one with a larger volume and somewhat lower margin?

174a. Why do you prefer this?

175. In your kind of business, if a person wanted to expand his business, what things do you think would stand in his way?

176. What things do you think would make it possible and worth his while to expand his business?

177. How about you, do you have any plans to expand your business?

(If Yes) 177a. What do you plan to do?

177b. About when will you do it?

#### ASK EVERYONE

Now I have a few general questions about how you feel about some things

178. Some people feel that as they go along they should make some provision to have an income when they retire and are no longer earning a regular income. Other people feel for many reasons they don't need to do this. How about you? (If not mentioned) 178a. Why do you feel this way?

179. Do you think this is a good time to buy those things you feel you need and want or is it a good time to postpone buying these things and put your money in some kind of savings or investment?

179a. Why do you feel this way?

180. About how much money do you feel you would need in a year for your family to have the things they want and need to live comfortably? .....\$.....

(If indicated more 180a. If you had that amount of income, what would than present income) you do with it which you are unable to do now?

181. Suppose you won one of the \$1,000 lottery prizes what do you think you would do with it?

## INDEX

- American Psychological Association, 71  
ff
- Assets, *see* Liquid Assets
- Automobiles:  
income and purchase of, 19, 87  
makes owned, 19, 137  
method of financing 1950 purchases of, 87  
ownership of, 19, 87, 137  
ownership of in Puerto Rico and United States compared, 19  
planned purchasing and financing of, 20, 88  
prices paid for, 19  
prices paid, Puerto Rico and United States compared, 19, 19 ff  
purchase of during 1950, 19, 87  
volume of buying, Puerto Rico and United States compared, 19
- Banks:  
opinions concerning as place to put savings, 3, 4, 7  
use of versus government bonds to keep savings, Puerto Rico and United States compared, 3-5  
*see also* Checking Accounts, Savings Accounts, Liquid Assets
- Borrowing:  
effect of on individual saving, 24, 24 ff  
for consumption expenditures, 24  
for reinvestment, 24 ff  
to finance home purchases, 20-21, 91  
to finance real estate purchases, 23, 96  
to meet prior debt, 28-29  
use of different types of, 26-28  
*see also* Consumer Debt, Indebtedness
- Brand Label, buying by, 62, 63
- Bureau of Labor Statistics, *see* Insular Government
- Business:  
attitudes toward investment in, 47, 121  
changes in capital investments by owners of, 58, 126  
investing in by owners in Puerto Rico and United States compared, 39  
investments in and total consumer savings, 35  
opinions of owners concerning possibility of expansion of, 57-58  
owners' estimate of capital investment in, 46, 120, 46 ff  
ownership of, 46  
plans for expansion of, 58, 126  
preference of businessmen for large or small scale, 57-58, 124  
retail business investments and capital for manufacturing enterprises, 52-53
- Businessmen:  
attitude of toward risk-taking investments, 58  
experience of in trade versus manufacturing, 58  
motives and activities of and industrialization, 54  
opinions and plans concerning business expansion, 57-58  
opinions of concerning consumer reaction to price levels, 55-56  
optimism of, 58  
practices of in determining prices, 54-55  
preference of for large or small volume business, 57, 124  
sample of, 54, 54 ff
- Buying Habits and Practices, Consumer, *see* Shopping Habits and Practices



## Capital:

- accumulation of local pools of and individual saving, xv-xvi, 70
- and risk-taking investments, 48-49
- factors limiting investments in manufacturing enterprises, 49-50
- for industrial expansion, 70-73
- volume of debt and accumulation of, 72

Car, *see* Automobiles

## Cash:

- liquid asset holdings in, 2, 3, 82
- use as form of saving in Puerto Rico, 7-8

## Cash Purchasing:

- effect on saving, 41-42
- preference for, 64, 133

Charge Accounts, 24, 96

Checking Accounts, liquid asset holdings in, 2, 3, 7, 82

Coding, *see* Editing and Coding

## Consumer, the:

- factors influencing choice of stores to patronize, 58-62
- habitual behavior in making routine purchases, 61-62
- income level of and kind of store patronized, 59
- kind of food stores patronized by, 59-60
- patronizing one store versus "shopping around," 60-62
- preference for cash or installment purchasing, 64, 133
- price-conscious behavior of, 61, 64-66, 131
- shopping habits and saving, 42
- standard of living, 18, 66, 70, 73
- use of disposable income and standard of living aspiration, 66

Consumer Borrowing, *see* Borrowing,  
Consumer Debt, Indebtedness

## Consumer Debt:

- age and, 25, 97
- among income and employment groups, 26-27
- amount of and income, 25
- changes in among families in Puerto Rico and United States compared, 20, 105
- changes in amount of during 1950, 29, 30

components of, 26-27

components of among groups in the Puerto Rican population, 26-28, 27

definition of, 24, 24 ff

employment and, 25, 26

frequency of among Puerto Rican families, 25-26, 26

high volume of and problem of accumulating capital, 72

kinds and amount of among all spending units, 96

liquid asset holdings and, 98

occupation and, 97

proportion of total in each type of, 102

saving and, *see* Savers, Saving

size of family and, 98

volume of in Puerto Rico, 29, 69

volume of in Puerto Rico and United States compared, 29-30, 28, 69, 105

Consumer Durables, *see* Durables

Consumer Indebtedness, *see* Consumer Debt, Indebtedness

Consumer Saving, *see* Saving

Consumption, use of liquid assets for, 11-13

Cooperative credit unions, 72

*see also* Credit Facilities

Cost of living in Puerto Rico and United States, 68 ff

Credit facilities, development of more favorable, 72

## Credit, use of:

among different groups in Puerto Rico, 26-30

among United States and Puerto Rican families compared, 29-30

and the Puerto Rican economy, 72-73

credit versus liquid assets, 38-39

factor in patronizing particular stores, 61, 62

Debt, *see* Consumer Debt, Indebtedness

Dissavers and savers, *see* Savers

## Dissaving:

amount of relative to saving, 68-69, 69 ff

form of and income, 36, 37

income level and 32-34, 108

increase in debt and, 36-37

reduction of liquid assets and, 37

Distribution of Goods, 56-58, 59-62

Durables:

amounts owed on all installment purchases of, 100

amounts spent for, 15, 16

amounts spent for by age, occupational, rural and urban groups, 85

amounts spent for by installment buyers, 101

characteristics of installment buyers of, 99

characteristics of spending unit purchasing, 84

definition of, 144

factors pertaining to difference in relation of income to purchase of among United States and Puerto Rican families, 17-18, 18 ff

income and method of financing purchases of, 86

income and purchase of, 15-18

installment purchasing of among income, occupational and age groups, 99

liquid asset holdings and method of financing purchase of, 101

method of financing planned purchase of, 88

method of financing purchases by Puerto Rican and United States buyers compared, 101

planned buying of, 18, 86

purchasing of in Puerto Rico, 15-16, 69-70

purchasing of in Puerto Rico and United States compared, 16-18, 70, 86

Dwelling Unit, *see* Sampling Methods

Economic aspiration:

income level and, 64, 66, 70, 73

in relation to problem of accumulating local capital, 73

Editing and Coding, xvii, 142-143

Education, amount of and type of employment and age, 81

Employment, characteristics of spending units in each class of, 81

Entrepreneurial Decisions, study of, 54

Expenditures, consumer:

kinds of and saving, 117

spending units having additional expenses in 1950, 136

*see* Automobiles, Durables

Families:

relative size of upper-income group of, in Puerto Rico and United States, 1

selection of sample of, *see* Sampling Methods

Federal Reserve Board, xvi ff, xvii, 32 ff

Federal Reserve Bulletin, 16 ff

Findings, summary of, 68-70, 70 ff

Food Stores, *see* Stores

Government Bonds, *see* United States Savings Bonds

Government Bonds, Insular, *see* Insular Government Bonds

Harvard University, xvi ff

Head of Spending Unit, defined, 144

Homes:

amounts spent on improvements of, 93

financing purchase of, 20-21, 91

mortgage payments on, 93

ownership of, *see* Home Ownership

price of purchased during 1950, 91

prospective purchases of, 22, 23

purchase of in Puerto Rico, 20, 91

purchases of in Puerto Rico and United States compared, 91

value of in Puerto Rico, 21, 90

value of in Puerto Rico and United States compared, 22, 92

Home Owners:

In Puerto Rico and United States having home mortgage debt, 94

making home improvements, 23, 93

making payments on home mortgages, 21

Home Ownership:

among income, employment and age groups in Puerto Rico, 21, 89, 90

debt-free in Puerto Rico, 20, 21, 92

debt-free in Puerto Rico and United States compared, 21, 94

frequency of in Puerto Rico, 20

frequency of in Puerto Rico and United States compared, 21, 92

Hoselitz, Bert F., 71, 71 ff

## Houses:

- method of financing purchases of, 20-21
- plans to buy or build 22, 23, 96
- purchase and ownership of, 20-23
- see also* Homes, Home Ownership

## Housing, adequacy of 22-23, 23 ff

## Income:

- anticipated uses of additional, 65, 66-67
- attitude toward providing for future income, 43-44, 118
- defined, 144
- distribution among families included in study, 70
- estimates of amount needed relative to present, 66, 64, 135
- income class; occupational, age, educational and size of family groups in each, 78-79
- income groups, characteristics of, *see* Spending Units
- relation to purchase of durables, 15-18, 18 ff
- relative size of middle income group in Puerto Rico, contrast with United States, 70
- savings, *see* Saving

## Indebtedness:

- according to income, occupation and type of employment, 25, 26, 27
- age and, 97
- among spending units in Puerto Rico and United States compared, 28
- increase in during 1950, 29, 30, 69
- liquid asset holdings and, 98
- net change in, 29, 30
- net change in among income groups in Puerto Rico and United States compared, 30, 105
- net change in among income, occupational and age groups, 106-107
- occupation and, 97
- percent of spending units having each kind of, 96
- size of family and, 98

## Industrial development:

- effect of investment preferences and practices on, 52-53, 70-72
- factors facilitating local participation in, 73-74

factors limiting local participation in, 71-73

increasing local financing of, 75-76

Puerto Rico's program of economic development and, xv

## Industry, Puerto Rican:

- accumulation of capital for investment in, xv, 52, 73-75
- investors' attitudes toward investment in, 49-52, 50, 51, 74
- investors' attitudes toward investment in government-guaranteed, 52, 123
- preferred investments in, 51, 123

## Installment Credit:

- defined, 144
- opinions concerning use of, 63-64, 133
- use of, 26, 27
- use of by low-income groups, 28
- use of by Puerto Rican and United States families compared, 17, 69, 86, 101
- use of to purchase cars, 20, 87, 88
- use of to purchase durables, 17, 86, 99, 101

Installment Debt, *see* Consumer Debt

## Installment Purchases:

- defined, 144
- effect on saving, 41
- preference for, 64, 133

## Insular Government, Bureau of Labor Statistics, xvii, 138, 139, 140

## Insular Government Bonds:

- attitudes toward buying, 5-6
- bond campaign, importance of, 5, 74
- potential market for, 5, 6, 74

## Insular Government Savings and Loan Fund, 6, 27, 72

## Interest rates:

- on home mortgage loans, 92
- on personal loan borrowing, 27-28, 105

## Interview Schedule, development and pretesting of, 140-142

## Interviewer Training, 141-142

## Interviewing, xvi, xvii, xvii ff, 141-142

## Investment:

- as element in consumer saving, 45
- attracting "risk" capital for, 48
- effect of and preferences on industrial development, 52-53, 70-72
- factors influencing choice of, 46-48, 121

- high profits and safety as factors in choice of, 46-49, 122
- in Puerto Rican industry, *see* Industry, Puerto Rican
- income level and, 46
- income level and risk-taking, 49, 120
- individual savings and, xv-xvi, 45
- investors preference among types of, 46, 48, 120, 121
- most common forms of, 45-46
- opinions concerning each type of, 46-49, 47, 122
- percent of spending units having each type of, 46
- percent of spending units having some form of, 119
- reluctance of investors to change type of, 52, 123
- total consumer saving and, 35-36, 37
- use of liquid assets and, 11-14
- investment in economically productive enterprises, factors inhibiting, 49-50
- investment in Government-guaranteed enterprises, attitudes toward, 52, 123
- investment in new Puerto Rican industries, attitudes toward, 52, 123
- investment in Puerto Rican Industry versus outside investments, *see* Industry, Puerto Rican
- investment trust fund and financing of industrial development, 75
- investors:
- attitudes toward investing in new industrial enterprises, 52, 123
  - defined, 45 ff
  - distribution of in each income group, 119
  - factors that might alter attitude toward present investment, 52, 124
  - opinions concerning different types of investments, 46-49, 122
  - reluctance to change form of investing, 52, 123
  - risk-taking in investments and, 48-49, 58, 71
  - a temporary repository of money, 14
  - accumulation of by Puerto Rican and United States families compared, 69
  - as components of net saving, 1, 1 ff
  - as form of saving and dissaving in Puerto Rico and United States compared, 38-39
  - borrowing versus use of, 12, 38-39
  - changes in holdings of, 10-12
  - concentration of in Puerto Rico and United States compared, 8-9
  - definition of, 144
  - forms of in Puerto Rico, 3, 83
  - forms of in Puerto Rico and United States compared, 7, 8
  - holdings among spending units in Puerto Rico, 1, 2
  - holdings among spending units in Puerto Rico and United States compared, 6-7, 9
  - income and changes in holdings, 11
  - median amounts held, 2, 7
  - median change in holdings, 11
  - most common forms of, 2, 69
  - net change in holdings, 10, 11
  - opinions concerning each type of, 2-4, 83
  - percent of spending units in Puerto Rico and United States having each type of, 8
  - planned use of, 13-14
  - size distribution of amounts held in each form, 82
  - types held, *see* forms of
  - uses of among Puerto Rican and United States families compared, 11-12
  - use of for investment versus consumption, 12-13
  - use of withdrawals, 11-13
- Liquid Asset Holders, changes in number of, 10
- Lottery Winnings:
- uses of, 65, 66-67
  - use of and savings, 42-43, 118
- Latona, George, *Psychological Analysis of Economic Behavior*, 54 ff
- Life Insurance, 35
- Liquid Assets:
- Methods, *see* Research
  - Mortgage Debt, 21, 92, 94
  - see also* Homeownership, debt-free
  - Mortgage Loans:
    - rate of interest paid on, 92

- Mortgage Loans—*continued*  
 spending units making payments on  
 home, 93  
 spending units making payments on  
 for real estate, 94
- Mortgages:  
 attitudes of investors toward, 47-48  
 payments on, 21, 93, 94
- Occupational status of Puerto Rico and  
 United States population at income  
 levels of \$2000 and above, 18 ff
- Personal Loans:  
 amounts borrowed among occupational  
 and age groups, 102  
 amounts owed on by income, occupa-  
 tional and age groups, 104  
 defined, 144  
 employment and borrowing through,  
 26-27  
 income and borrowing through, 27, 28  
 interest rates paid on, 27-28, 105  
 use of as form of borrowing, 26-28
- Postal Savings, 3, 4
- Price-consciousness, saving and, 42, 66
- Prices:  
 consumer comparison of, 61, 62, 131  
 decision making in setting, 54-55, 56
- Providing for Future, attitudes toward,  
 118, 136
- Property, *see* Real Estate, Homes
- Psychological Factors, Saving and, 42-44
- Puerto Rico and United States, compari-  
 sons between, *see* under appropriate  
 headings
- Real Estate:  
 amounts to be borrowed to purchase,  
 96  
 amounts to be invested in, 23, 95  
 effect of investment in on industrial-  
 ization, 52, 70-71  
 evidence of increasing pressure on mar-  
 ket, 23  
 investment in and total consumer sav-  
 ing, 35-36  
 mortgage payments on, 94  
 opinions concerning investing in, 46-47  
 122  
 ownership of, 46, 118  
 ownership of in Puerto Rico and  
 United States compared, 119  
 planned purchases of, 23, 95  
 popularity as form of investment, 46,  
 47  
 purchase of during 1950, 119  
*see also* Houses  
 Research, method of, 138-143  
 Retirement Fund, 35  
 Roberts, Lydia J., *Patterns of Living in  
 Puerto Rican Families*, 23
- Sample, Representativeness of, xvi, 138,  
 138 ff, 168  
*see also* Sampling Methods
- Sampling error, 140
- Sampling Methods, xvi, 138-139
- Savers:  
 changes in consumer debt among posi-  
 tive and negative, 39, 116  
 changes in liquid assets among positive  
 and negative, 39, 116  
 characteristics of positive and nega-  
 tive, 110  
 distribution of high, medium and low  
 among different population groups,  
 113-114  
 distribution of positive and negative  
 in income groups in Puerto Rico  
 and United States compared, 109  
 median amounts saved and dissaved  
 by, 108  
 method of grouping into high, medium  
 and low, 40 ff  
 net amount saved by greater than net  
 amount dissaved, 68-69, 69 ff  
 purchases of durables among positive  
 and negative, 117  
*see also* Saving
- Saving:  
 additions to and withdrawals from  
 types of, 35  
 among families in Puerto Rico, 32-33,  
 68  
 compared among families in Puerto  
 Rico and United States, 37-39, 68,  
 109  
 compared among different population  
 groups in Puerto Rico, 39-40, 111-  
 112, 113-114  
 components of aggregate, 35-36, 37

- consumer debt and, 35, 37, 38-39, 69  
 consumer decisions in making expenditures and, 40-42, 62  
 consumer method of financing purchases and, 41-42, 66  
 consumer price consciousness and, 42, 66  
 consumer shopping habits and, 42, 62  
 contribution of high income families to total, 34, 69  
 contributions of each income group to total, 34  
 defined, 31-32, 32 ff  
 durable purchasing and, 40-42  
 effect of forms of saving on Insular economy, 34  
 income level and, 32-34, 69, 108  
 income level and form of, 34-35, 36  
 influence of psychological factors on, 42-44, 118  
 median amounts saved and dissaved, 68, 108  
 median percent of income saved, 33  
 method of computing, 31-32, 32 ff  
 negative saving, *see* Dissaving  
 percent of income saved or dissaved, 32, 33  
 proportion of families saving during 1950, 32, 68  
 relationship of consumer actions and decisions to, 39-44  
 Saving, study of:  
   population included in, 138  
   purpose, xv-xvi  
   *see also* Research  
 Saving and Dissaving:  
   among income groups in Puerto Rico and United States, 38, 109  
   amount of among families in Puerto Rico, 32-33, 68, 108  
   forms of in Puerto Rico, 34-37  
   forms of in Puerto Rico and United States compared, 38-39, 69  
   relation of income to, 32-34, 108  
   *see also* Dissaving, Saving  
 Savings accounts, 2, 3, 82  
 Securities in new Puerto Rican industries, potential market for, 75  
 Shopping habits and practices, Consumer  
   attachment to particular stores, 61-62, 129  
   buying by brand label, 62, 63  
   buying canned or fresh vegetables, 63, 132  
   buying ready-made or home-made clothing, 63, 132  
   considering price levels, 61, 64-66  
   decision making and routine purchases, 61  
   economies in, 62-63  
   factors influencing choice of stores, 58-62, 128  
   kind of food stores patronized, 59-60  
 Spending units, characteristics of:  
   in each class of employment, 81  
   in income groups, 80  
   purchasing durables, 84  
 Standard of living aspiration and income level, 65, 66, 70, 73  
 Stephani, Rosa Luisa, *Patterns of Living in Puerto Rican Families*, 23  
 Stocks and Bonds:  
   investment in, 46, 73  
   opinions concerning as form of investment, 47, 48  
 Store accounts, *see* Charge accounts  
 Stores:  
   kind selected to make food purchases, 59-60, 127  
   large versus small, 59-60, 128  
   *see also* Shopping habits and practices  
 United States, additions to and withdrawals from savings, 115  
 United States savings bonds:  
   compared with banks as form of keeping assets, 3-5  
   liquid asset holdings in, 1, 1 ff, 2, 82  
   opinions concerning as place to keep savings, 3-5  
 University of Chicago, Department of Economics, 71 ff  
 University of Michigan, Survey Research Center, xvi ff, xvii, 1, 32 ff  
 University of Puerto Rico, College of Social Sciences, xvi  
 University of Puerto Rico, Social Science Research Center, xv, xvi, 141