

The increase of this mortgage debt as a percentage of increase in savings accounts and life insurance reserves varied from 56 percent in 1957 to 150 percent in 1950, and averaged 81 percent in 1948-57, and an estimated average of 73 percent in 1961-70. The increase of non-farm residential mortgage debt in relation to total savings varied from 36 percent in 1948 to 56 percent in 1957, 58 percent in 1960, estimated, and 65, estimated, in 1970.⁷¹ It is clear that mortgages on non-residential construction absorb a large part of total savings.

But who are the people who get into debt on installment payments of various kinds? The very low income, say, those with incomes of less than \$1,000 in 1957 and 1958 incurred little indebtedness. Whereas 52 percent of all incomes did not have installment debt payments to make, 73 percent of those with incomes under \$1,000 had no payments to make. The percentage declined steadily to 35 percent for those with incomes of \$6,000 to \$7,499 and then rose to 58 percent for those with incomes of \$10,000 or more. The modal rate of installment debt payments as percentage of disposable income was 10 to 19 percent for those who had payments to make. The percentage for those making 10 to 19 percent payments to their disposable income was 17 for all incomes, 7 percent for those with incomes under \$1,000 and then rising gradually to 28 percent for those with incomes of \$6,000 to \$7,499 and declining to 12 percent for those with \$10,000 or more.

In general, it may be said that the very low incomes do not profit as much from the beneficial effects of inflation on their debt payments as do the somewhat higher incomes. For example, the modal figure for ratio of regular payments to disposable income is 33 percent, and the payments were 20 to 39 percent of disposable income. The percentages beginning at \$1,000 income and rising by \$1,000 steps to \$5,000-\$5,999 are 10, 24, 24, 32, 39, 43. The percentage for \$6,000-\$7,499 is 45, for \$7,500-\$9,999 is 44, and for \$10,000 and over is 28. Hence, though on the whole low incomes gain, the largest gains do not go to those with the lowest incomes.⁷² The middle income groups gain most relatively from the erosion of the advanced dollar.

It is also clear that on the whole those that gain particularly from Government-guaranteed mortgages are not the lowest income groups. For example, the table below suggests this:

TABLE 9-1.—*Characteristics of 1-family new home transactions, FHA, sec. 203, 1952 and 1957*¹

Median	1952	1957
Property value.....	\$10,022	\$14,261
Calculated area.....square feet..	923	1,105
Number of rooms.....	5 3	5 8
Annual income of mortgagor.....	\$4,811	\$6,632
Annual housing expense.....	\$988	\$1,382
Expense-income ratio.....percent..	19.6	19.7

¹ Data from Federal Housing Administration, preliminary draft, 24th annual report, table 37. The expense-income ratio was computed from the averages, rather than the published medians.

Source: Subcommittee on Housing, Committee on Banking and Currency, U.S. Senate, "Study of Mortgage Credit," 1958, p. 76.

⁷¹ Committee on Banking and Currency, Subcommittee on Housing, "U.S. Senate Study of Mortgage Credit," 1958, p. 188.

⁷² *Ibid.*, p. 69.