

the automobile market and intentions to buy new cars showed an upsurge as early as May 1961 and remained on a high level during the following 12 months.

The original report given to the press over a month ago shows a table about intentions to buy cars. Let me summarize here three major figures. They showed that according to our surveys, 13.8 percent of families intended to buy cars during the next 12 months in February 1961; 16.4 percent in May 1961; and 17.4 percent in May 1962. The statistical data are presented in the report submitted to the committee. I may add that the upsurge of automobile intentions and, generally, of attitudes toward automobile buying was shown in our surveys, whereas it was not reflected or at least not strongly in the surveys conducted by the Bureau of the Census and reported by Miss Dingle.

In each of its surveys the Survey Research Center asks more than 50 questions about consumer attitudes and expectations. There have been times in the past when practically all these measures pointed uniformly upward or downward. Not so in the recent past. In addition to questions about automobiles, questions about personal financial prospects and market conditions have indicated satisfaction and optimism in 1962. In particular, the feeling that rising prices are reducing real income has become less frequent during the past 12 months.

On the other hand, there was a change for the worse in people's opinions about economic prospects, especially among upper income people. The consumer's mood is sober because of three persistent concerns: the recurrence of recessions, the relatively high level of unemployment, and the cold war. The great majority of Americans have drawn the conclusion from the experiences of 1958 and 1960-61 that Government and business are capable of forestalling a depression, but can do nothing to stop the recurrence of short and nevertheless painful recessions.

Our findings are, if you ask people whether a depression like in the thirties will recur, the overwhelming majority says, "No, it is impossible. Government and business know how to deal with it." If you ask how about recessions, how about some short peaks of unemployment, the overwhelming majority says, "No, we can't do anything. They will recur. They are in the cards." Given this frame of mind, people are sensitive to bad news.

We concluded, therefore, from an analysis of our data that up to May 1962 there was a sidewise movement which, although it did not signal a downturn, indicated that consumers would not contribute to a faster economic growth—unless new stimuli alter the prospects seen by them.

I turn now to an analysis of consumer reactions to two new developments, the stock market decline and the tax cut proposal. The dramatic break in the stock market occurred the end of May, when interviewing for our May survey was almost completed. Yet the market was already weak in the preceding weeks and even months. Nevertheless, we have reason not to attribute the findings reported up to now to stock market developments. It must be kept in mind that stockholdings are highly concentrated: Our surveys show that only about 18 percent of the 55 million American family units own stock, and