

POLICIES FOR FULL EMPLOYMENT

Reasons given for opinions (all families)

	Percent
Good idea because:	
Demand needs to be increased; to stimulate recovery-----	13
Taxes are too high-----	22
Bad idea because:	
Government needs money; defense expenditures high-----	35
Tax cut would cause deficit; budget should be balanced-----	8

NOTE.—The questions were: "There has been discussion about reducing taxes at the present time. Do you think this would be a good idea or a bad idea?" "Why do you think so?"

Source: Survey Research Center, the University of Michigan.

CONSUMER ATTITUDES AND INCLINATIONS TO BUY, MAY 1962

Survey Research Center, Institute for Social Research, University of Michigan,
Ann Arbor, Mich.

The Survey Research Center conducted the latest of its quarterly surveys of consumer attitudes and inclinations to buy between April 23 and May 29, 1962. A nationwide cross section of about 1,300 adults, selected by probability methods, was interviewed. Similar surveys have been conducted regularly since 1951.

This report summarizes the major findings of the May 1962 survey. In addition to measuring consumer expectations and intentions to buy, these surveys are particularly concerned with investigating the reasons for changes in attitudes. The surveys are directed by George Katona and Eva Mueller.

Consumer attitudes show stability over the past few months. The American people remain soberly optimistic and appear disposed to continue the high level of spending evident during the spring months of 1962. The outlook appears particularly favorable for the automobile market. These are the indications obtained from the latest Survey of Consumer Attitudes and Inclinations to Buy, conducted by the Survey Research Center of The University of Michigan from April 23 to May 29, 1962. The Center's Index of Consumer Attitudes is at the same level as in November 1961, but slightly below January 1962. The recent decline is so small (when sampling variations are taken into account) that it is appropriate to view the index as having stayed at a plateau during the past half year. As table 1 shows, this plateau is significantly below the peak levels attained in 1955-56, but does not compare unfavorably with more recent highs reached by the index.

The overall stability of the index is brought about by counterbalancing changes in two major areas of consumer sentiment. Consumers' satisfaction with their personal financial situation has improved since November. Favorable changes in personal finances seem to be reinforced by price stability, or more precisely, by absence of the feeling that rising prices are reducing real income. Fewer people indicate that they have worries of an economic kind. The recent accumulation of liquid assets by consumers has contributed to their feeling of financial well-being. Yet, as in past years, many people are far from content with their savings performance and strive to save more. The proportion of people who expect to be better off in another year has not been higher at any time in the past 10 years (table 2). And even longrun personal financial expectations which usually show great stability, have grown somewhat more optimistic in recent months.

At the same time, people's expectations regarding business conditions in the coming year, which improved decidedly between November 1961 and early 1962,