

Board-Michigan Survey Research Center and the other by the Bureau of Labor Statistics—Wharton School of the University of Pennsylvania.¹ In 1959, Profs. Irwin Friend and Stanley Schor of the Wharton School tested the reliability of these two estimates (information for both studies was obtained from sample surveys of individual consumer units) by comparing them with external statistics measuring total values of the components of saving. The testing revealed a major deficiency; serious underestimation, in both studies, of saving in the form of cash and deposits. Professors Friend and Schor corrected this deficiency by using proportions based on external banking statistics to allocate the additional amount of saving among the income categories.

Annual household income before taxes:	Average consumption of goods and services
Under \$2,000.....	\$1,933
\$2,000 to \$2,999.....	2,924
\$3,000 to \$3,999.....	3,839
\$4,000 to \$4,999.....	4,363
\$5,000 to \$6,999.....	5,016
\$7,000 to \$9,999.....	6,063
\$10,000 or more.....	7,946

Figures on the level of saving for 1960 and 1961 are now being prepared by the Survey Research Center of the University of Michigan, and should prove a much more useful guide to recent saving patterns.

Saving-income ratios for nine income classes as estimated by each of the three sources are shown in table I. The Friend-Schor computations, which build on the two earlier works and have the advantage of the subsequent availability of external checks, probably should be accepted as the most reliable set of statistics.²

It should be noted that many components of savings as defined in these studies (for instance, purchases of dwellings) might be considered consumption in another framework. Another limitation to the use of these data is the absence of a predictable relationship between average and marginal rates of saving; the average rate of saving for a particular income level, as shown in table I, is not necessarily indicative of the proportion which would be saved out of a net addition to after-tax income.

TABLE I.—*Estimates of saving-income ratios, by income class, 1950*

	Saving-income ratios (percent)			
	Federal Reserve— Michigan (total United States)	Federal Reserve— Michigan (urban)	BLS— Wharton (urban)	Friend— Schor (urban)
Income after taxes:				
Under \$1,000.....	-55.2	-48.9	-105.5	-81.7
\$1,000 to \$1,999.....	-2.2	.9	-13.5	-6.2
\$2,000 to \$2,999.....	.1	-7.7	-5.0	-1.7
\$3,000 to \$3,999.....	5.6	4.9	-7.7	2.4
\$4,000 to \$4,999.....	9.1	7.7	1.7	4.5
\$5,000 to \$5,999.....	12.7	12.9	5.2	6.5
\$6,000 to \$7,499.....	28.4	30.1	12.3	10.0
\$7,500 to \$9,999.....	33.1	29.6	26.4	16.3
\$10,000 and over.....				30.7
All.....	8.6	9.2	4.3	8.2

¹ A study by Life-Time, Inc., gives data on 1955 consumption expenditures by level of income, but unfortunately the form in which the material is presented does not make it possible to derive the related level of saving. Expenditures for taxes, gifts, and contributions, education and vacations away from home are not deducted from income. Since average income by bracket is not given, it is not possible to compute a consumption-income ratio, however defined, based on this data. Some interest, however, may attach to the following table, reproduced from the Life report.

² The differences in the three estimates are explained primarily by sampling variations and differences in the treatment of components of saving (such as the exclusion of, say, equity in corporate pension funds or social insurance for one set of estimates and inclusion for another).