the consumers' effect on the economy—both sectorially and aggregatively—have received little attention from professional economists and will not be considered here.

The concern in this study is with the short-run changes in the economic behavior of formerly impoverished consumers who are receiving ostensibly sufficient incomes to meet their economic needs. As is noted above and in the description of the WE and T Program, the participants receive social services as well, including: basic education or vocational training for the head of the household and an emphasis on education for the school-age children; work experience and employment counselling; and free medical care for all family members.

The effects of these nonincome increments upon consumer behavior will be considered, for they bear directly upon two major aspects of economic behavior, consumer expectation and habitual behavior. George Katona characterizes expectations as follows:

"If people believe that depression will come and their incomes will decline, their need to accumulate reserves may then retard spending and may especially impede borrowing for the sake of such large purchases as houses or durable goods. Optimistic expectations, on the other hand, especially if they are held both with respect to the general economic trend and to one's own income, may accelerate spending." [17]

Thus, if the participants think that their participation in the WE and T Program will lead to a better job, they will not save much, if any. Katona hypothesizes that the same thing will occur if consumers think prices will rise; the converse would hold should there be an expectation that prices will decline.[18]

Habitual behavior is probably an important force in influencing consumption when there is a decline in income, but not when there is an increase. As Katona comments: ". . . breaking with past expenditure habits may be difficult when it is necessary to give up habitual satisfactions, but easy when the possibility opens up to satisfy further desires," [19] All WE and T participants probably experience an increase in income. Therefore, we might expect habitual behavior to play a lesser role than price and income expectation. It would seem that almost everyone expects prices to increase, and that participants in the WE and T Program would expect their income to increase as well, if the program were successful. Moreover, a degree of deferred demand probably characterizes the participants in the WE and T Program; that is, the participants have probably foregone some urgent consumption needs such as dental and medical care, essential items of clothing or home repair, because of a lack of funds.

The geographical setting of this study is in Eastern Kentucky, which is part of Appalachia, an area generally regarded as differing culturally from the mainstream of America.[20] The idealized type is impulsive regarding consumption; he

"He is an impulsive spender, often wasting money that he could well use on necessities for his family; perhaps he buys a very expensive TV set or refrigerator just to satisfy his whim of the moment, his need to act. He saves little for a rainy day, or for the education of his children, or for projected goals in the future." [21]

Therefore, (1) if the WE and T participants think they will get better jobs and that prices will increase; (2) if one assigns a lesser role to habitual behavior; (3) if one assumes some degree of deferred demand by participants; and (4) if one accepts the impulsiveness explicit in Weller's analysis of the traditional, low-income mountaineer type, then it seems reasonable to anticipate that the WE and T participants will spend nearly all of their incomes.

RELATED STUDIES OF IMPOVERISHED CONSUMERS

In the past decade, there has been a plethora of material forthcoming on the subject of poverty.[22] Nonetheless, there has been relatively little inquiry into how low-income or poor people spend their money.

Nancy Brode compared the expenditures of families receiving Aid-to-Dependent-Children grants with the prescribed standards of the Tennessee Department of

[17] George Katona, *Psychological Analysis of Economic Behavior* (New York: McGraw-Hill Book Co., Inc., 1963), p. 142.
[18] *Ibid.*, p. 142.
[19] *Ibid.*, p. 143.
[20] Jack Weller, *Yesterday's People* (Lexington: University of Kentucky Press, 1966).
is certainly not a saver:
[21] *Ibid.*, p. 40.
[22] See bibliography in Arthur B. Shostak and William Gomberg (eds.), *New Perspectives on Poverty* (Englewood Cliffs, New Jersey: Prentice-Hall, 1965).