Summary of Expenditures for Consumer Durables

The data were summarized above in Table 3.7. The total expenditures for consumer durables minus the amounts spent in excess of the developmentally significant upper limits were $10,118 for participants and $2,720 for applicants. The mean expenditures were $281 for participants and $16 for applicants. While all 36 of the participants reported some kind of expenditure for consumer durables, only 29 of the applicants did. The hypothesis that participants would spend more than applicants was accepted, for a "t" test showed that the difference of the mean expenditures for consumer durables was indeed significant at the 95 per cent confidence level. Moreover, the income eleasticity of demand was 2.33 for participants, and this reflected more than proportional income differential purchasing of consumer durables.

Additionally, of the $10,118 total expenditures below the developmentally significant upper limits, the participants owed only $4,492, or about 45 per cent of this adjusted total. The total monthly repayment of this indebtedness was $561, or about $16 per month. Thus, it appeared that the participants, as a group, were fairly cautious consumers who were not extending their indebtedness over a period of time greater than the useful life of the items they were purchasing, in the case of consumer durables.

Automobiles

In the Appalachian region, an impoverished family living more than walking distance from town is almost completely dependent upon private transportation. Public transportation, besides the ubiquitous school bus, is virtually nonexistent; perhaps this is explained by the relatively great distances and sparsely located population. Therefore a man seeking employment would be quite dependent upon the opportunities only in his own local area were he not to own an automobile. Moreover, this man and his family would be entirely dependent upon the local country store, which is typically a very expensive source of groceries, for all purchases. Thus the case can be made for considering a car as a developmentally significant expenditure.

In the absence of public transportation, and without dependable transportation arrangements with other individuals, a man would have to own a car not only to look for work, but in order to take advantage of employment opportunities in areas outside his immediate community. Even to apply for pensions, welfare and food stamps, or for participation in the WE and T Program, a man must go to town, and usually more than once a month in order to comply with bureaucratic rulings. Economically, a family could probably get more for its dollar by purchasing food and consumer durables in town rather than locally.

Perhaps it seems anomalous that the poor should have to have cars; this is part of the paradox of poverty in America, for even the Joads in *The Grapes of Wrath* drove their old Hudson to California.

No upper limits were placed upon automobile purchases, for the market was too complex, and the variability of quality too great. The hypothesis was that the number of participants buying automobiles would be greater than the number of applicants making such purchases, and that the average price paid by participants would be higher, also. Data for the previous year were utilized to test this. Monthly payments for automobiles were included in the analysis of expenditures for the month of October.

Table 3.9 summarized the data on automobile ownership, purchases, indebtedness, and monthly payments. Eleven applicants and 30 participants reported purchases of autos in the 12 months preceding the survey; at the time of the survey, 20 applicants and 33 participants owned cars. All automobile purchases were used, varying in age from fairly new pick-up trucks to a few, rare vintage models. Prices varied from $1,500 to $25, respectively. The applicants' mean price paid was $320, and the participants' $614. This difference, $287, was significant at the 95 per cent confidence level using the "t" test, and therefore the hypothesis that the participants would spend more was accepted. The income elasticity for participants was 2.75, and this reflected an increase in purchases even greater than the income differential between applicants and participants.

The participants incurred more indebtedness for auto purchases than did the applicants. At the time of the survey, 22 participants reported an average indebt-