

the program. The participants received most of their income from their WE and T grants; 90 percent of their monthly income was in cash. However, the applicants received only 57.8 percent of their total income in cash. The other 42.2 percent of the applicants' income was from buying food stamps, food production for home consumption, free rent, and gifts. These sources of income were all markedly lower for the participants, and helped explain why the income level of the participants was only 66 percent higher than that of the applicants. Additionally the participants were expected to pay for more school lunches and supplies than applicants. Moreover, the participants apparently had to spend more for clothing, transportation, and personal items by virtue of participation in the WE and T Program. Therefore, their actual real income advantage over the applicants was not great, and was somewhat overstated by this computation since it reflected inaccurately the difference in consumer purchasing power.

The participants spent a significantly greater percentage of their monthly incomes for the developmentally significant categories than did the applicants, but they did not spend significantly more, or less, than the applicants, for the developmentally related, or probably not developmentally significant categories.

The participants' income elasticities were 2.10 for the developmentally significant categories, 1.43 for the developmentally related categories, and .98 for the probably not developmentally significant categories.

The participants seemed to be fairly rational in their expenditures. They took advantage of the free health services component of the program and sent their children to school more than did the applicants. The participants spent much more money than applicants on consumer and lower-priced goods. Their income elasticity was 2.33 for consumer durables; less than ten per cent of their total consumer durables expenditure was judged not to be developmentally significant.

More participants than applicants bought autos and the income elasticity was 2.75. The participants spent more than applicants for clothing and cleaning supplies. The over-all impression was that of a group of people utilizing an increased income as an opportunity to invest not only in themselves but in the future development of their children.

The total indebtedness of participants was 1.7 times that of the applicants, but since the participants' total income was 1.66 times greater than the applicants, there was no significant difference, proportionately to income, between the total indebtedness of applicant and participants. An important difference within the total indebtedness was that the participants had 20 per cent of their total indebtedness for the developmentally significant categories as opposed to 57 per cent of the applicants' indebtedness. The applicants had 23 per cent of their total indebtedness with local stores while the participants had only 3 per cent. Thus, there seemed to be a shifting of credit by participants from the local and higher priced general stores to the more specialized, often less expensive, stores in town.

The participants spent more for food than applicants and the participants' elasticity of demand was 0.40. However, there were not significantly more participants than applicants buying food stamps.

VALIDITY OF HYPOTHESES

The general hypothesis that participants would spend more than applicants for the developmentally significant categories was accepted, for the participants: went to various health services more than applicants; had more children enrolled and attending school than applicants; spent more than applicants on consumer durables, automobiles, housing improvements, clothing, and cleaning supplies. The participants also had more savings and life insurance than applicants. The only specific hypothesis which could not be accepted was that more participants than applicants would buy food stamps.

The hypothesis that the participants would spend more than the applicants, proportionately to their income differentials, for the developmentally significant categories was accepted. The hypothesis that the participants would not spend more, proportionately to their income differentials, than the applicants for the developmentally related, and probably not developmentally significant, categories, was accepted also. One category of expenditures, medicine and drugs, was hypothesized to represent a smaller expenditure by participants than applicants, and the hypothesis was accepted. The subsidiary hypotheses were that participants would: spend more than the applicants on food; have the same indebtedness as the applicants relative to income; and produce less food for home consumption than the applicants. All were accepted.