Some importing nations called on the major exporters (U.S., Canada, Australia, and Argentina) to guarantee that they would meet all the importers' needs at a price not to exceed the top end of the price range. If reserves ever were exhausted and prices rose beyond the agreed price range, this would involve the U.S. government in subsidization of exports to keep prices down to agreed levels. The cost of such a proposal cannot be estimated and, I felt that agreeing to it would be like handing out blank checks on the Treasury.

Another proposal, this one by the U.S. delegation, offered full access to U.S. markets for importing nations. It was offered to "sweeten the deal" and get more importer support for the reserve concept. It also had worrisome implications for U.S. consumers. It means that importers could come in and bid scarce supplies away from U.S. consumers and that we would be committed not to embargo the export of such sales.

A further problem was meshing the price ranges set by the proposal with open-market wheat prices and the target prices set for the U.S. farm program. If the lower end of the price range in the wheat agreement was set too far above prevailing market prices, the U.S. government would be required to support world prices by rapidly accumulating reserve stocks; in addition, if market prices were below the target price, deficiency payments to U.S. wheat growers would be necessary. Alternatively, if the lower end of the price range was below the target price, the government would be obligated to make deficiency payments to farmers for large volumes of wheat moving into export; this would, in effect, mean subsidizing wheat consumption in importing nations. Clearly, the interrelationships are complex.

I felt that the major impact of the wheat agreement on consumers was likely to come through its effect on Treasury costs. Changes in wheat prices are likely to have only a minimal impact on bread and cereal product prices. Cereal and bakery products consumed at home make up only .15 percent of the total weight in the revised Consumer Price Index for urban workers; wheat, as an ingredient, is only a fraction of this amount. It is worth noting, however, that bread and cereals are likely to be a more important part of the diet of some low-income households.

After several years of negotiations, the proposal for a reserve stock plan was abandoned last February. The plan foundered on complaints by less developed countries that the exporters were trying to peg prices at too high a level.

Role of the Consumer Representative

Consumer representatives are hampered because they often are unfamiliar with the commodities they must deal with. An additional problem is the temporary, short-term nature of their involvement. They may be able to learn a good deal in one or two weeks of crash study, but by then their appointment may be over.

Given these problems the consumer representatives are likely to be forced into the role of observers and watchdogs who ensure that trade representatives in the delegation do not have an undue influence on deliberations. It is unlikely that they will be able to make many significant contributions.

A further problem is the fact that the principal concern of the delegation is to negotiate the mechanics of an agreement. The overall U.S. position is settled beforehand with no consumer input. During the negotiations, discussions of price levels and other key issues are handled in closed sessions between delegation heads or by visiting sub-cabinet level officials. Consumer representatives and other delegation members have little input in these decisions. We heard several times in Geneva when deliberations were deadlocked, "Just wait until Katz (Assistant Secretary of State for Economic and Business Affairs) and Hathaway (Assistant Secretary of Agriculture for International Affairs) get here, they'll get things going." The fact is, however, that when they do come, administrators at this level are not really accessible to the delegation.

The role of consumer representative involves heavy time inputs from people who have many good alternative uses for their time. Given the scarce resources in the consumer affairs area, one can ask whether this is the best possible use of our resources. Or, perhaps, should consumer inputs be made in other ways, at other levels?

THE ZINC AND LEAD TRADE NEGOTIATIONS

Dr. Clinton Warne*

As the third panel member to speak I am going to report some things the previous speakers have said.

First, the other panelists said they were asked to go to Geneva on short notice. Short notice meant twelve hours in my case, and that was a problem. One must clear out a period of time, in my case a week, cover a number of classes, do all the other things one has already scheduled for that week, and do it after a call that came in, in my case, at 7:00 at night saying I would be leaving for Washington at 7:00 a.m. the next morning. I had to contact my fellow faculty, tell them they were going to cover the next day's classes for me, and that I would be gone for a week or more.

I was gone from November 23-30, attending the 23rd session of the lead and zinc industry trade negotiations. There are twenty-seven countries involved. I was invited to and attended all of the formal meetings.

But I would like to re-emphasize what has been said by the two previous speakers. I was not invited to the preconference meetings where all the decisions were made. I was not invited to the subcommittee meetings where the economics and statistics were being developed for use in making the decisions. My role was only that of formal approval of materials already typed. They would ask me (the other two panel members here today had the same experience) was this accurate? In other words, something was already typed up, they handed it to you, and asked: Is it accurate?

It is a dilemma for the consumer representative, from my point of view. I will be honest; I think

*Professor of Economics, Cleveland State University.

the activity in which we are suddenly being invited to participate is very worthwhile. And, as Stewart Lee said, it is the first time around. I happen to know something about the auto industry, which is the consumer of lead and zinc. ACCI is a consumer group, but the auto industry is the consumer group the State Department is talking and thinking about in the negotiations. Autos, housing, and home appliances are the industries the State Department is conscious of. Lead and zinc have a considerable impact on those industries. So the State Department is talking, in the case of lead and zinc, about U.S. producers producing and selling internationally; about U.S. producers selling to their own internal groups for domestic purchases; and, then, about foreign groups producing and both selling internally and internationally.

In the lead and zinc negotiations, the State Department was very specific. They handed me a paper that said something about anti-trust actions. The reason was that at a July meeting they did suggest that price controls should be internationally imposed on this industry. In our particular negotiations, they were very careful to avoid the word "price" in any way. They talked about production controls and allocations and proceeded to say "This country will produce the following amount, this country can consume the following amount, and they very carefully allocated the available production to the available consumption in those statistical subcommittee meetings." In other words, they discuss how much is going to be produced and who is going to produce it, and then, who is going to consume it; this is all allocated outside the formal, beautiful, Louis XIV type meeting rooms in which the formal negotiations are held.

From my point of view, profits have been depressed in some of the industries. Zinc, I suspect, is probably one of the most prized illustrations. On the other hand, lead is not. Lead has been making money hand-over-fist for quite some time. In the next few years, however, the lead industry is facing a serious problem of over-production because they have been effectively oriented around variable costs and not around meeting full costs. It is a decreasing cost industry. Those of you who are in economics will recognize some of the faults in this situation: productivity gets pushed. You have borrowers in Peru, for example, who are asked to go to 100 percent production in order to pay back the Chase Manhattan Bank. At the same time, your study group is saying you cannot produce more than 80 percent, or some other arbitrarily set figure. You have a dilemma within these various study groups. Demand is apparently the key, and the situation is going to get worse.

I noted that the president of one of the larger U.S. multi-national companies was a representative at the negotiations; his assistant was a representative on one of the foreign subcommittee study groups; and another of his assistants was with one of the other nations, also in the study group. When these three talked, one man would say "second"; the other man would support. I got a feeling it had been arranged. I also felt I was not on the inside when things were being worked out. This is similar to what Bob Herrmann reported concerning the wheat negotiations.

There are very strong questions about wise use of our resources. Are we consumer representatives being used? What if I am not invited back to the next session? What if they ask a third consumer representative to the next session of the lead and zinc negotiations?

I also received a stack of background or briefing materials. I read it in the first week I was there, in order to (supposedly) be prepared for the final voting. When I arrived, I did not realize that the final voting was completely pro forma. I spent my time, when we were not in full formal session, reading this pile of information--beautiful material. The next time I go I shall be relatively thoroughly prepared to perform my duties. Especially if I get into the pre-conference and/or the subcommittee.

The Tokyo Round of the International Trade Agreements Act

Now, I want to move to a second issue that is going to be even more important. It is not the subject of this panel, but it is the topic of the conference talk by Michael Calingaert, of the State Department.

I was asked to critique the Tokyo Round of the International Trade Agreements Act, which is coming up in Congress in the next few weeks. In case anyone has not paid attention, consumer groups had better make some inputs there promptly.

First, it took 5-1/2 years--that is the formal statement, but it is longer than that--to get the Tokyo Round under way. I doubt it would be under way even now if Carter had not decided to push it. It has been pushed. The Trade Agreements Act is aimed, supposedly, at liberalizing world commerce and modifying the protectionist tendencies which are being practiced. That is a verbiage. It is a tariffs issue, a proposed reduction in tariffs of around 33 to 38 percent.

First, note that is 33 percent down from the GATT, which was 32 or 35% down from a previously based tariff. Thirty-three percent down from something is not much of a reduction. If I had reduced from 10 to 3, one-third of 3 is 1, I did not reduce it very much. Even so, a fair number of industries are omitted from the reduction in the tariffs.

I did a fast estimate by pages and came out with around four hundred industries which are being given specific exemption from the reduction, and, in several cases, increases not decreases.

Next, the Tokyo Round negotiators decided deliberately that if a nation did not sign this one, that nation would lose its most favored nation status internationally. Hence, if an underdeveloped country does not sign this, it loses its most favored nation status. Fantastic pressure is being put on an awful lot of countries, either sign or lose. It is a yes or no kind of decision. There is no way a nation can go around some of this. As you get involved as consumers, please recognize that these various things are going to be costly--the tariff will be raised, not lowered.

Secondly, remember that you are paying for these tariffs. As a consumer you are paying for them; you are paying for governmental representation and you are paying for the sloppy management in many of the businesses that are behind these tariff walls. These businesses then come back to the tariff group and to Congress saying: "See, we did not make our money, please raise the tariff a second time." Our Cleveland industries are doing this; a fair number of them are coming back to Vanik's office (Vanik is the U.S. Representative from Cleveland and the head of the House Committee on Tariffs) and requesting a second increase in the tariff.

Having discussed the tariff issue, I would like to push for a full nontariff and forget this business of considering 33 or 35 percent, or something else, as a wonderful success. It's very small potatoes. The more serious thing is the nontariff. The Tokyo Round negotiators have decided that they will remove all subsidies on foreign domestic production for export to a foreign nation. I will say that in much clearer language. A basic industry--steel and so on--gets tremendously decreasing costs per unit. Many of these companies have been subsidized by their national states to keep people employed and to maintain efficient production, so if any industry has a relative need, it gets the plant. It has happened in chemicals, in steel, in a good many machine tools, and other industries.

There are eight hundred separate areas--which I again guess-estimated--so many per page in the big thick pile of papers you receive. About eight hundred items have now been barriered-up in coming into the U.S. market. In effect, the countries say, "I can subsidize it from my market, but it is going to be full price to the U.S." This is going to help, domestically, those not too efficient U.S. companies who will no longer face really inexpensive foreign competitors. For example, I just had a conference in Cleveland on steel importation into Cleveland. (I happen to be in transportation as one of my key areas.) Target stuff is killing all the good steels, but the Trade Act will allow all the junk steels to come in. We are going to see an almost unbelievable shift in these markets.

We are going to force American food exports. We are now in the process of blocking out, if the country agrees to sign. They cannot block our shipping of certain agricultural items to them. I am not really sure why certain ones were selected. For example, why turkey legs? Who is the political pressure group that pushed turkey legs? When you start looking through, you ask, why did the trade negotiators select such-and-such an industry? Suddenly these are going to be the U.S. representatives overseas. Get used to some crazy ones. Orange juice is fairly obvious. As American foods are shipped overseas and international markets are developed, what is going to happen to the prices domestically? Remember what we are doing to our hamburger system. MacDonald's, especially, is a rough competitor; they can get cheap hamburger of good quality, but you cannot. I think that should come across loud and clear.

Lastly, there are the government bidding and customs procedures. They are going to open U.S. Government bidding, for such things as post office equipment and telecommunications, to any country anywhere in the world who wants to bid. The Japanese are instantaneously saying no; that is one of the interesting dilemmas which is not yet solved. Here we are proposing this system to Congress; we are going to vote it through, and the nations we are aiming it to or considering, such as the Japanese, are saying we refuse some sections of this. The Japanese have said bluntly, according to Business Week (that is my best source, there being no current source at present, outside of Strauss's office itself), that they will not open their telecommunication to American groups bidding for the Japanese goods. It is very interesting; Sony is probably our word for quality products and yet Japan is not going to allow that market to be opened up.

The last thing is customs procedure. The "American standard" was mentioned by Mr. Calingaert. There are an awful lot of customs procedures, as any of you know who have been through U.S. Customs. You can go through almost any European customs and not much happens. But try coming through American customs, and I do not care if you are a U.S. citizen or a foreigner; U.S. customs is not one of the happier groups to try to get through. The U.S. is supposed to be opening this up. I would like to see it happen.

I will finish with this statement, just as Stewart and Bob did. I am very concerned about two major issues. First, I am concerned about multinationals and their impacts--their impacts both on our study group trade negotiations and on what is happening in the tariff bill itself, both tariff and nontariff aspects. Secondly, the consumer movement started back in the 1890's on a fight over such things as the domestic development of trade associations and the pricing law--or, as it was then called, product production and control by states. This is when the first consumer movement got its first real life. Here we are in 1978 moving into consumer representation in the federal government, but moving into what? The federal government is moving into price allocations in the form of production controls and in the form of consumption allocation controls. The consumption, in this case, is not the consumption of individuals, but the consumption of major corporations, allocated to the various subdivisions around the world.

WOMEN'S KNOWLEDGE OF CREDIT RIGHTS

Ms. Jane Schuchardt and Dr. Sharon Y. Nickols*

The purpose of the study was to determine women's knowledge of credit rights, especially those provided by the Equal Credit Opportunity Act. The 103 respondents showed a lack of knowledge of credit regulation provisions. The relationship between equalitarian attitudes toward financial decision-making and knowledge of consumer credit laws was significant; however, it was not in the expected direction. Relationships between knowledge and demographic variables were not significant. It was concluded that consumer education is needed to help women enjoy the rights afforded them through credit legislation.

Purpose

For most Americans, maintaining the desired quality of life in the present economic environment requires a dependence on personal loans, charge accounts and an acceptable credit rating. In the past, some women had indirect access to consumer credit through the accounts of their husbands and fathers; but women in general have not been given equal treatment with men in the credit granting process.

Testimony before the National Commission on Consumer Finance in 1972 best accentuates the longstanding dilemma [1]. Among its findings were: married women had difficulty getting credit in their own names, divorced or widowed women had trouble re-establishing credit, a wife's income often was not counted when a married couple applied for credit, and single women found it more difficult to get credit than single men.

The Equal Credit Opportunity Act (ECOA) enacted in 1974 provides a potential remedy against sex discrimination in credit granting [2]. Though business has made strides to comply with its mandates, the actual effectiveness of the ECOA will depend in part on women's knowledge of their credit rights and on their abilities to take advantage of these provisions.

At the present time, there is a lack of information regarding women's knowledge of credit in general and in relation to the ECOA. The purpose of this research was to help fill this void by determining the consumer credit knowledge level of selected Oklahoma women. Relationships between knowledge and demographic variables were studied. The relationship between knowledge and attitude toward egalitarianism in financial decisions was explored.

Research Design

For purposes of this pilot study, a non-random sample of 200 women was selected from a population of 698 leaders of Oklahoma civic, social, professional, and church groups. Each woman was asked to respond to a questionnaire distributed in November, 1978. Included in the self-administered instrument were 20 true and false questions designed to measure knowledge about consumer credit legislation, especially the ECOA. Eight Likert-type statements measured women's attitudes toward women's role as financial decision-makers. After the initial mailing and a single follow-up telephone call, 103 women responded, resulting in a 52 percent response rate.

Findings

In general, the sample was more highly educated, older, and of a higher socio-economic level than the general population of women 18 years and older. Sixty-eight percent of the women were married. About three-fifths of the sample were over 46 years old and nearly two-fifths had achieved education beyond college graduation. Almost one-third had total family incomes above $20,000. Sixty percent worked outside the home for pay.

In assessing the respondents' knowledge of consumer credit, four laws were covered in 20 questions. They were the ECOA, Fair Credit Billing Act, Truth in Lending Act, and Fair Credit Reporting Act. Scores ranged from 53 to 97 out of a possible range of 20 to 100 points. Scores appeared high due to extensive usage of the response "don't know," which received two points compared to five for a correct answer and one for an incorrect answer. The median score was 74. Least knowledge was exhibited on questions related to the ECOA. Percentage of correct, incorrect, and don't know responses to a select group of credit legislation questions are shown on Table 1.

As a further check to determine knowledge levels of the ECOA, respondents were asked to indicate if they had heard of the law. If so, they were asked to name the law. Though 81 percent of the women indicated they had heard of the ECOA, only 14 percent could correctly name the law. Nineteen percent had not heard of the law.

In addition to assessing knowledge levels, analysis of variance was used to study relationships between (1) credit knowledge and selected demographic variables and (2) credit knowledge and attitudes toward equality in financial decision-making. As Table 2 indicates, there were no significant relationships between consumer credit knowledge and selected demographic variables at the .05 confidence level. However, mean comparisons did show that women who had higher incomes of their own tended to exhibit more knowledge of consumer credit laws than other respondents.

The possible relationship between consumer credit knowledge and attitudes toward equality between men and women in financial decision-making was also examined. Responses to financial management attitude questions were grouped into three categories, which are shown in Table 3. Women with "very equalitarian" attitudes answered nearly all of a series of financial decision-making questions in the non-traditional way. Thirty-seven percent of the

*Graduate Student, Oklahoma State University; and Assistant Professor, Oklahoma State University.

IMPACT ON PERCEIVED COSTS AND HOUSEHOLD CHARACTERISTICS ON CREDIT CARDS HELD

Dr. Ray McAlister* and Dr. Jean Kinsey**

The study examines household characteristics which are related to the holding of credit cards, estimates the probability of holding credit cards, and considers the relationship of attitudes and perceived price to holding of credit cards. The study results confirm that members of households who possess high risk characteristics do, in fact, have fewer credit cards.

A number of statistics verify that consumer use of credit cards has increased substantially over the past ten years. For example, one of the largest national department stores reports that over one-half of its sales are now made on credit. Bank cards are reported to be used by one-third of all U.S. households. Credit card holders in the U.S. have increased their outstanding debt by 29 percent in the past year, and bank credit card holders alone have increased their oustanding debt by $6 billion in the past three years.[1]

The above figures may seem to indicate widespread acceptance of credit as a method of payment by both consumers and firms and that credit cards are available to virtually anyone who wants them. It would be a mistake to assume, however, that credit cards are evently distributed among the population. There are some consumers who still abhor being in debt, even well-managed debt; and some consumers who would like to have credit cards cannot obtain them. This paper will: (1) examine the distribution of credit cards held with respect to several household characteristics; (2) present the results from estimating the probability of households having credit cards as a function of their perceived price of credit, attitude towards credit, and their financial and demographic characteristics; (3) examine the relationship between perceived price of credit and number of credit cards held; and (4) compare actual credit costs to perceived price.

Data

The data were collected from responses to a questionnaire mailed to a random sample of Minnesota households. Minnesota was selected as a subject for consumer credit research because it is one of only five states without specific statutory ceilings on permissible finance charges arising out of retail installment sales contracts (closed-end). Furthmore, the ceiling on retail revolving credit finance charges (open-end contracts) are low (12 percent) compared to those allowed in most other states (18 percent).

Twenty-four hundred questionnaires were mailed to Minnesota households; 1,330 usable questionnaires were returned. Comparing the distribution of demographic characteristics for the State of Minnesota as reported by the 1970 Census with those of the 1,330 sampled households shows that members of

Table 1. Demographic Characteristics of Minnesota Households: 1970 Census Figures Compared to Study Sample Drawn in 1977.

Demographic Characteristics	Census (%)	Sample (%)
Residence:		
Urban	66.4	71.2
Rural, Nonfarm	20.8	17.9[1/]
Rural, Farm	12.8	10.9
Income - Families:		
0 - $4,999	18.7	9.4
$5,000 - $6,999	10.9	7.3
$7,000 - $9,999	21.0	10.1
$10,000 - $14,999	29.2	22.4
$15,000 - $24,999	15.9	32.0
$25,000 or more	4.3	18.3
Age:		
≤ 19	--	--
20-24	12.6	10.1
25-29	10.9	13.2
30-34	9.1	12.2
35-39	8.5	9.0
40-44	8.9	8.3
45-49	8.9	6.4
50-54	8.5	8.4
55-59	7.8	--
60 and older	24.7	--
55-61	--	10.1
62 and older	--	22.1
Occupation (38.5% of population in work force):		
1. Professional	6.4	9.2
2. Technical & Scientific	9.4	3.3
3. Supervisors, Managers and Self Employed (Includes Farmers and Farm Managers = 5.6%)	14.2	18.8
4. Clerical & Sales	24.2	20.8
5. Craftsman & Foreman	12.5	13.9
6. Operatives: All Labor, Household Workers & Transport	33.3	14.2
Education (of people over 25 years old):		
0 to 8 years (grade school)	28.4	10.3
9 to 11 years (some high school)	14.0	8.3
12 years	34.5	36.1
1 to 3 years college (some college)	12.0	20.2
4 years college	6.6	12.0
5 or more years college	4.5	13.2

*McAlister, Professor of Marketing, North Texas State University
**Kinsey, Assistant Professor, Agricultural and Applied Economics, University of Minnesota.

Table 1 (Continued)

Demographic Characteristics	Census (%)	Sample (%)
Sex of head of household:		
Male	80.7	78.3
Female	19.3	19.7
Average Household Size: 3.2		

¹Includes rural nonfarm and city <1000.

households in the sample represent the Minnesota population except they tend to be somewhat better educated and have somewhat higher incomes. Perhaps such a bias should be expected if those with more education and higher incomes are more likely to respond to such a questionnaire. (See Table 1 for the comparison of census and sample distributions.)

Similar data were available from earlier surveys in California, New York, Texas, and Washington. These data were used to compare patterns of credit usage among various states with different rate ceilings.

The second part of the project in Minnesota was an account survey. A sample of almost 2,000 twelve-month revolving account histories was drawn randomly from the credit records of sixteen retail firms operating throughout Minnesota. Of these, five could be considered national chains, three were regional chains, and six were local merchants with in-house revolving credit arrangements. In addition, two were local furniture stores. This data was used to examine actual finance charges.

Household Characteristics and Credit Cards Held

Data in Table 2 portray patterns of holding credit cards by selected household characteristics. In this table, comparison of the "all" percentages to the figures for each group makes it possible to determine those residents who hold the fewest or the most credit cards. For example, for household income, it is shown that of those Minnesota residents responding to the questionnaire, 28 percent reported having no store card, 78 percent had no bank card, and 21 percent had no credit card of any kind. However, for families with incomes under $10,000, 47 percent had no store card, 93 percent were without a bank card, and 39 percent did not have any type of credit card. Generally, the number of cards held per household increased with each higher income level.

Variation in card holding by income level was generally greater than the differences observed between demographic subgroups for other variables. However, all of the factors illustrated in Table 2 display substantial differences in card holding among segments of the population having varying household and financial characteristics.

Essentially, the following subgroups had relatively fewer credit cards than did respondents with other demographic characteristics:

Demographic Factor	Subgroup(s) with Fewer Credit Cards
Income	Below $10,000
Occupation	Operatives, Unskilled; Students, Housewives & Retired
Age	Under 25, 62 and over
Education	Grade School
Sex	Female (for Bank and Total Cards only)
City Closeness	Rural-farm, Rural Non-farm, Cities Under 5,000

It would be helpful to know whether the percentage of Minnesota residents holding <u>no</u> credit cards of various types is significantly different from other states; and, if so, the reasons for such differences. This information is currently unavailable but data based on individuals who possessed at least one store card in four other states are displayed in Table 3.

For all types of cards, the data suggest that Minnesota and Washington households have fewer credit cards than their counterparts in the other states.[2] For example, 40 to 46 percent of Minnesota and Washington residents had no more than two store cards, while in other states, a much lower proportion (25 to 27 percent) had as few cards. At the other end, consumers with five or more retail cards were substantially more numerous in the other states (39 to 43 percent) than in Minnesota (29 percent) or Washington (21 percent).

For other types of cards, the data displayed similar patterns. The percentage of respondents reporting no bank cards in Minnesota (78) and Washington (43) is much higher than in the other states (about 32 percent). Likewise data depicting total credit card holding shows a much larger proportion of Minnesota (50 percent) and Washington (36 percent) consumers having only one to four credit cards compared to the others (18 to 30 percent).

Thus, the data suggest generally that either consumers in Minnesota and Washington desire fewer credit cards than residents of other states or that credit card accounts are much harder to obtain in these two states.

The Probability of Holding Credit Cards

Tobit analysis was used to estimate the probability of Minnesota residents holding credit cards. This analytic technique was designed to provide more accurate estimates than can be obtained from ordinary least squares regression models when the dependent variable is zero for a number of cases and varies over some continuous range for others.[3] Since the number of credit cards owned was zero for 21 percent of Minnesota households, this technique was useful for estimating the probability of market participation and the average quantity of credit cards held by households in the total sample and subgroups divided by income, age, and occupation.[4]

Table 2. Percentage Distribution of Credit Cards Held by Demographic Characteristics, Minnesota Consumer Survey, 1977.

Demographic Characteristic	Type of Card												
	Store Card				Bank Card		T & E Card[c]			Total Cards[d]		
	0	1-2	3-4	5+	0	1+	0	1	2+	0	1-4	5+
Household Income	(Row Total = 100%)				(Row Total = 100%)		(Row Total = 100%)			(Row Total = 100%)		
Less than $10,000	47	29	15	8	93	7	98	2	*	39	47	14
$10,000-$19,999	27	32	24	18	82	18	95	5	*	19	50	31
$20,000 or above	14	25	24	37	60	40	71	26	3	9	30	61
All[a]	28	29	22	21	78	22	88	11	1	21	43	36
Occupation												
Professional/ Technical	14	29	30	26	63	37	84	15	1	7	43	50
Managers, Self Emp'd	20	30	21	28	71	29	74	22	4	13	39	48
Clerical/Sales	15	29	25	31	71	29	85	13	2	11	40	49
Craftsman, Skilled	32	33	19	16	85	15	92	8	*	26	48	26
Service Workers	33	37	19	12	83	17	94	5	1	22	56	22
Operatives, Unskilled	41	30	17	12	91	9	98	2	0	31	49	20
Students, Housewives, Retired	44	19	19	18	84	16	93	7	0	36	34	30
All[a]	29	28	21	21	78	22	88	11	1	22	42	36
Age												
Under 25	45	38	16	2	92	8	95	5	1	34	55	11
25-29	30	34	22	13	77	23	87	11	2	21	52	27
30-34	23	34	21	22	72	28	87	13	1	16	44	40
35-39	20	33	25	23	77	23	84	13	3	14	45	41
40-44	17	19	33	31	67	33	83	16	1	14	33	53
45-54	18	29	20	32	74	26	84	14	2	13	39	48
55-61	23	29	23	26	73	27	90	9	1	20	39	41
62 and older	42	19	19	20	85	15	91	9	1	32	37	31
All[a]	29	29	22	21	78	22	88	11	1	21	43	36
Education												
Grade School	57	27	8	7	91	9	97	3	0	47	43	10
Some High School	29	31	19	20	80	20	97	3	0	25	48	27
High School Graduate	31	29	22	18	85	15	92	7	1	24	44	32
Some college	23	30	26	21	74	26	85	14	2	17	46	37
College graduate	20	27	22	31	69	31	81	17	2	10	39	51
Post-graduate & Grad. degree	16	25	26	33	61	39	76	22	2	9	34	57
All[a]	29	29	22	20	78	22	88	11	1	21	43	36
Sex												
Male	29	29	21	22	76	24	86	13	1	20	41	39
Female	28	29	23	19	85	15	96	4	*	24	47	29
All[a]	28	29	22	21	78	22	88	11	1	21	42	37
City Closeness												
Rural, Farm	54	34	8	4	91	9	100	0	0	41	49	11
Rural, Non-farm	41	34	16	9	83	17	89	9	2	28	52	20
City, less than 5,000	39	29	20	12	83	17	91	9	0	29	46	25
City, 5000 to 24,999	21	29	24	26	77	23	85	13	1	15	42	43
City, 25,000 to 99,999	18	23	28	31	70	30	81	17	2	15	33	52
City, 100,000 or more	17	14	23	32	71	29	85	13	2	13	39	48

Table 2 (Continued)

All[a]	29	29	21	21	78	22	88	11	1	21	42	36

a) Percentage for all respondents answering the question.
b) Travel and Entertainment cards such as American Express, Diners Club, Carte Blanche.
c) Credit cards of any type, i.e., store, bank, T & E, gas, or others.

*Less than one-half of one percent.

Table 3. Comparative Credit Card Holdings, Five States

	Minnesota	Washington	New York	Texas	California
Retail Cards					
None	(a)	(b)	(c)	(d)	(e)
1-2	40%	46%	26%	27%	25%
3-4	30	33	34	30	36
5 or more	30	21	40	43	39
Bank Cards					
None(f)	72%	43%	33%	32%	32%
1	22	41	41	37	48
2 or more	6	16	26	31	20
T & E Cards					
None(f)	84%	86%	77%	81%	83%
1	14	12	19	16	13
2 or more	2	2	4	3	4
Gas Cards					
None(f)	47%	27%	45%	11%	16%
1	22	18	16	12	19
2	14	23	15	18	21
3 or more	17	32	24	59	44
Total Cards					
1-4	50%	36%	30%	n.a.	18%
5-9	36	47	45	n.a.	49
10-14	11	14	20	n.a.	28
15 or more	4	3	5	n.a.	5

(a) All holders of at least one department or retail store credit card selected from a representative sample of Minnesota households selected by Reuben H. Donnelly Corp. Number of respondents reporting possession of no store cards was 29 percent. Survey was conducted in 1977.

(b) All holders of at least one department or retail store card selected from a representative sample of Washington households selected by Reuben H. Donnelly Corp. Number of respondents reporting no retail cards was 26%. Study conducted in 1974.

(c) Based on sample of retail credit accounts selected from the files of New York retail stores. Survey conducted in 1973.

(d) Based on a sample of 550 accounts at Sears, Roebuck & Co. in Texas in 1971.

(e) Based on a sample of retail credit accounts selected from the files of California retailers by Touche Ross & Co. in 1970.

(f) Includes those who did not answer the question. It is assumed that they had no cards of the type specified.

The probability of households in the sample holding credit cards was approximately .79 and the predicted number of credit cards per household was about 3.8, depending on the specification of the model. Four different specifications were tested to control for income, age, and occupation (see Models I - IV on Tables 4 and 5).

Two variables consistently explained a large portion of the probability of holding credit cards: rural residency and having both a checking and savings account. Having both a checking and savings account may be a proxy for personal financial acumen; it significantly increased the probability of holding credit cards.[5] Having only a checking account was not significant, implying that those who also had a savings account might have been preserving their liquidity by using credit.

Rural farm and nonfarm residence and living in a small town of less than 5,000 population significantly decreased the rate of holding credit cards. This was not surprising. Rural areas have fewer department stores, smaller banks which seldom issue credit cards, and residents who are less likely to travel extensively. A tradition of available charge accounts at local stores where customers are well known simply make the formality and expense of credit cards unnecessary in many rural communities. In addition, rural residents were somewhat less likely to accept credit as a useful financial management tool.

The third most important variable explaining the probability of holding credit cards was attitude toward credit. The respondents were asked if they thought consumer credit was a good or bad idea (see Table 6). The results show that thinking it was a good idea contributed significantly to the probability of having credit cards.

Increasing monthly rent or mortgage payments and other monthly financial commitments significantly increased the probability of having credit cards. So did owning a home. Not being married significantly decreased the probability of having credit cards.

The price variable represented what respondents believed to be the actual or fair dollar charge for $100 worth of credit repaid in 12 monthly payments. Perceived price was not a significant variable in any of the tobit models. There are several possible explanations. First, the variable does not reflect all the costs of using credit cards, such as annual user fees. Second, customers who pay their bills in full every month do not incur finance charges and would hardly be expected to allow those charges to influence their use of credit cards. Third, consumers may not perceive the price of credit accurately, a point to be discussed later in this paper. Finally, it is quite possible that the price elasticity of demand for credit cards held is influenced very little by changes in the price of credit. The cost of $100 worth of credit paid off in twelve equal monthly payments was perceived and reported to range from $44 to $0.15, which translates into annual percentage rates of between 90 and 0.33 percent. The implication is that consumers use credit cards for any number of reasons, all of which outweigh the costs incurred due to finance charges.

When income was accounted for (Table 4, Model II), having an income higher than $30,000 per year was the most important explanatory variable. The coefficients for the income variables behaved exactly as expected. Incomes less than $10,000 a year significantly decreased the probability of holding credit cards. Those with higher incomes are usually considered good credit risks and very likely to be granted credit card accounts upon request. More income also makes it possible to finance more credit card accounts simultaneously.

When age was accounted for (Table 5, Model III), those in all age groups under 40 and those over 62 years of age were less likely to hold credit cards than were the 40-49 year olds whose credit card holdings was reflected in a positive constant. People of middle age are more likely to hold credit cards.

An examination of occupational groups and credit card holding reveals that those employed in crafts, in unskilled occupations, and those who were generally unemployed were significantly less likely to have credit cards. Credit cards held by those employed in white-collar jobs was reflected in a positive though insignificant constant (Table 5, Model IV). Occupational categories were not, however, more important than place of residence, checking and savings accounts, and attitudes toward credit.

Perceived Price and Credit Cards Held

The relationship between perceived price of credit and the number of credit cards held is illustrated in Figure 1.[6] This relationship was derived using the estimated coefficients from the basic tobit model and varying the perceived price from $.50 to $29.[7] This price range was chosen to include the real dollar charge equivalent to a 12 percent rate (about $6) and the mean perceived price of $9.50, while excluding extreme values. At $9.50, households are estimated to have an average of 3.85 credit cards.

The number of credit cards held at different perceived prices will change due to two factors: 1. People holding fewer cards at higher perceived prices; 2. People acquiring or abandoning credit cards all together as prices fall or rise. At perceived prices of between $5 and $6.50, (the actual price range for 12 percent APR) 42 percent of the total response to price change is due to the probability that some persons will exit (enter) the market if perceived prices go up (down). Fifty-eight percent of the total response is due to a decrease in cards held by card holders as the perceived price of credit increases. The overall effect of the changes in perceived price is very low, however. A change in perceived price from $6.50 to $9.50 (12%-18% APR) would result in only a 1.6 percent decrease in the number of credit cards held.

Income, Age and Occupation

Table 6 gives the sample size, the expected number of credit cards, and the estimated probability of holding credit cards for each income, age and occupational group. The probability of holding credit cards increases with income and so does the expected number of credit cards. Households in the lowest income group were expected to hold 1.13 credit cards and those in the highest group 8.06. The probability of holding credit cards increases

TABLE 4

Normalized Coefficients from Tobit Models Estimating the Probability of Holding Credit Cards (t statistics in parentheses)

Independent Variables	Basic Model I Total Sample	Income Model II Total Sample
Constant	-.5525[1/] (3.21)	-.3909[2/] (2.26)
Price	-.0063 (.93)	-.0044 (.66)
Checking Account	.0970 (.59)	.0847 (.516)
Checking and Savings Account	.6147[1/] (4.63)	.5224[1/] (3.87)
Monthly Rent or Mortgage Payment	.1268[1/] (5.82)	.0629[1/] (2.74)
Monthly Debt Payments	.1803[1/] (5.12)	.1303[1/] (3.68)
Owned Home	.4865[1/] (6.37)	.3906[1/] (5.29)
Rural	-.7008[1/] (9.24)	-.6761[1/] (8.90)
Small Town	-.3687[1/] (5.09)	-.3067[1/] (4.21)
Single, Never Married	-.2567[1/] (2.63)	---
Separated, Widow or Divorced	-.2503[1/] (2.89)	---
Attitude Toward Credit	.5096[1/] (6.35)	.4851[1/] (6.02)
Income < 5000	---	-.4661[1/] (3.84)
Income 5 - 10,000	---	-.1991[2/] (2.17)
Income 15 - 20,000	---	.0834 (.93)
Income 20 - 25,000	---	.2651[1/] (2.64)
Income 25 - 30,000	---	.5408[1/] (4.47)
Income > 30,000	---	1.1176[1/] (10.16)
Predicted # of credit cards	3.85	3.80
Sample size	1330	1330
Probability of card ownership	.791	.808

1/Significant at 99% confidence, i.e. t $\geq$ 2.576

2/Significant at 95% confidence, i.e. t $\geq$ 1.96

TABLE 5

Normalized Coefficients from Tobit Models Estimating the Probability of Holding Credit Cards (t statistics in parentheses)

Independent Variables	Age Model III Total Sample	Occupation Model IV Total Sample
Constant	.0821 (.46)	.2498 (1.43)
Price	-.0041 (.60)	-.0072 (1.06)
Checking Account	.1761 (1.07)	.1561 (.96)
Checking and Savings Account	.6584[1/] (4.96)	.5629[1/] (4.23)
Owned Home	.4037[1/] (5.43)	.4079[1/] (5.44)
Rural	-.7090[1/] (9.47)	-.6690[1/] (8.61)
Small Town	-.4427[1/] (6.17)	-.4084[1/] (5.66)
Single, Never Married	---	-.3776[1/] (3.87)
Separated, Widow or Divorced	---	-.3154[1/] (3.55)
Attitude Toward Credit	.5697[1/] (7.09)	.5343[1/] (6.63)
Age < 21	-.7368[1/] (3.28)	---
Age 21 - 29	-.5468[1/] (5.46)	---
Age 30 - 39	-.2983[1/] (3.18)	---
Age 50 - 61	-.1787 (1.85)	---
Age > 62	-.5166[1/] (5.44)	---
Professional/Technical	---	-.0973 (1.05)
Crafts	---	-.5075[1/] (6.30)
Unskilled	---	-.5213[1/] (5.49)
Not Employed	---	-.4949[1/] (5.47)
Predicted # of credit cards	3.89	3.87
Sample size	1330	1330
Probability of card ownership	.785	.789

1/Significant at 99% confidence, i.e. t $\geq$ 2.576

with age until age 50 and then declines. The lowest probability is for those under age 21. They are estimated to hold less than one credit card per household. Since 100 percent of the respondents in this age group thought credit was a good idea, the dearth of credit cards in this age category is probably because they do not qualify for credit due to low income and other risk factors associated with young household heads. One could speculate that a decline in the probability of holding credit cards after age 62 is due largely to negative attitudes towards credit and prospects of decreasing incomes in some cases. Nineteen percent of the respondents over age 62 thought that credit was bad (see Table 6).

Analysis of occupational groups corroborates expected correlations between income and occupation. The greatest probability of holding credit cards is in the professional and technical and white-collar occupations. The expected number of credit cards to be held by households in those groups is 5.2.

Table 6. Attitude of Total Sample of Minnesota Households Regarding Credit Use

Demographic Factor	Credit Good	Credit Bad	Both Answers
Household Income:			
less than $10,000	79%	16%	4%
$10,000 to $19,999	83	13	4
$20,000 or more	86	11	3
Marital Status:			
Married	83	13	4
Single	82	13	4
Separated (Divorced)	83	14	4
Widowed	84	13	3
Sex:			
Male	82	14	4
Female	86	10	4
Occupation:			
Professional/Tech.	88	9	4
Mgrs/Self employed	86	10	5
Clerical/Sales	83	11	6
Craftsmen/Skilled	79	17	5
Service Workers	85	9	6
Operatives/Unskilled	84	14	1
Students/Housewives/Ret.	77	20	3
Years Worked for Present Employer:			
Less than 1 year	85	9	6
1 to 5 years	83	12	4
6 or more years	85	12	3
Retired	76	20	4
Unemployed	72	20	7
Type of Residence:			
One Family	82	14	4
Two Family	77	17	6
Multi Family	90	6	4
Mobile Home	90	8	2
Organization Membership:			
Labor Union	82	15	3
Professional or Business	88	6	4
Farm	63	30	7

Table 6 (Continued)

Demographic Factor	Credit Good	Credit Bad	Both Answers
Level of Education:			
Grade School	77%	22%	2%
Some High School	82	16	2
Graduate High School	82	15	4
Some College	86	9	5
College Grad.	86	10	3
Post Grad/Adv. Degree	82	12	6
Age:			
Under 21	100	0	0
21-29	82	14	4
30-39	84	12	4
40-49	84	12	5
50-61	84	12	3
62 or more	77	19	4
Place of Residence:			
Rural	75	21	4
Small Town (less 5,000)	80	17	4
Urban ($\geq$5,000)	85	11	4
Fixed Obligations:			
Less than $100	82	14	5
$100 - $249	87	9	4
$250 - $499	85	12	2
Greater than $500	85	14	1
Monthly Rent or Mortgage Payment:			
Less than $100	86	11	3
$100 - $199	85	10	5
$200 - $299	86	11	3
$300 - $399	90	9	1
$400 or more	83	15	2

(Not all rows add to 100% due to rounding.)

Perceived Price and Actual Charges

Since the Truth in Lending Act of 1969, a statement of finance charges in terms of both dollars and an annual percentage rate (APR) has appeared on all consumer credit contracts. Some surveys have shown that consumer awareness of finance charges has increased since enactment, but a large percentage of credit users remain unaware of rates charged. More importantly, a large proportion of consumers are unable to translate an APR into a dollar finance charge with any degree of accuracy. Table 8 displays the results from surveys in two states pertaining to perception of APR and dollar finance charges for respondents who have at least one store card. Forty-three percent of credit card holders in Minnesota and 66 percent in Washington knew the correct APR on revolving credit card accounts. However, only 15 to 17 percent estimated a dollar finance charge that was reasonably close to accurate; approximately 43 percent overstated the dollar charge and 42 percent didn't know or did not answer the question.8/

When asked to report a "reasonable" finance charge in dollar terms, 55 percent of Minnesota card holders and 45 percent of Washington card holders reported over $7 on a $100 purchase to be repaid in 12 monthly payments. A $7 charge on such a purchase would require a rate of 15 to 18 percent, depending upon the method of determining the balance on which the charge is based. One might conclude that the majority of credit card customers (1) cannot accurately translate annual percentage rates into dollar equivalents and (2) if finance charges were stated in dollars rather than percentage rates, a large portion of consumers would accept as "reasonable" finance charge rates in excess of those prevailing in many states today.

Difference Between Stated (nominal) and Actual Rates

The discussion above has referred to customer perception of the nominal APR--that is, the rates disclosed on charge agreements required by Truth in Lending regulations. Even less well understood is the actual rate paid by customers using revolving credit card accounts. Generally, actual rates paid for credit service on open-end accounts are less than stated rates because of one's ability to use

FIGURE 1. CREDIT CARDS BY PERCEIVED PRICE

TOTAL SAMPLE

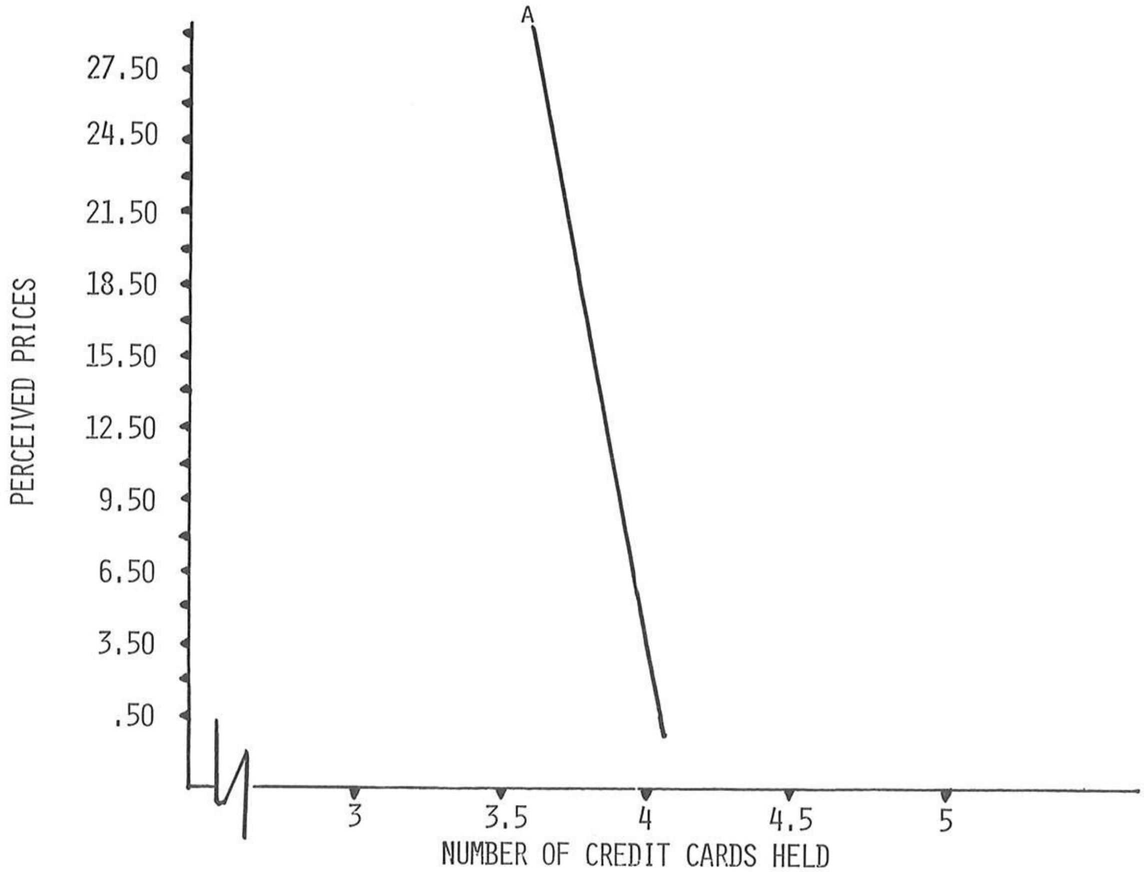

Table 7. Estimated Probability of Holding Credit Cards and Predicted Number of Credit Cards Held per Household and Sample Size for Income, Age and Occupational Groups (Estimated by Tobit Regression Analysis)

	Expected No. of Cards	Probability of Holding Cards	Sample Size
Income			
<5,000	1.13	.49	120
5,000-9,999	2.29	.68	222
10,000-14,999	2.96	.80	286
15,000-19,999	4.13	.85	244
20,000-24,999	4.79	.87	166
25,000-29,999	6.22	.96	106
≥30,000	8.06	.95	137
Age			
<21	0.96	.46	29
21-29	2.63	.76	278
30-39	4.15	.86	278
40-49	5.35	.88	208
50-61	4.68	.85	246
≥62	3.13	.70	291
Occupation			
Professional/Technical	5.20	.90	163
White-collar 1/	5.24	.88	430
Craft/skilled 2/	2.99	.76	268
Operatives/unskilled	2.36	.69	186
No regular employment 3/	2.83	.67	259

1/ Includes managers, supervisors, clerical and sales

2/ Includes foremen, service workers

3/ Includes students, retired persons, housewives

Table 8. Perception of Finance Charge Rates and Estimates of Reasonable Charges, Two States, Respondents with at Least One Store Card

Type of Question/Answers	Minnesota[a]	Washington[a]
Knew Correct APR	43%	66%
Estimate of Dollar Finance[b] Charge on $100 Purchase		
Under $5.00	2%	
$5 to $5.99	4%	3% (under $6)
$6 to $6.99	11%	12%)
$7 to $11.99	11%)	11%) - 44%
$12	18%) - 41%	25%)
More than $12	12%)	8%
Don't know or no answer	43%	41%
TOTAL	100%*	100%*
"Reasonable" Finance Charge[c] on $100 Purchase over 12 mos.		
Under $7	27%	13%
$7 to $11.99	33%	11%
$12 or more	22%	35%
Don't know or no answer	18%	41%
TOTAL	100%*	100%*

[a] Maximum APR on retail credit card accounts in Minnesota and Washington is 12%.

[b] Lawful rate of 12% in Minnesota and Washington would produce actual finance charges on a $100 purchase repaid in twelve monthly payments of approximately $5 to $7, depending upon method of assessing the charge and customer payment patterns.

[c] Question asked in Minnesota was: "What DOLLAR amount of finance charge would you consider to be a reasonable charge for the opportunity to finance a $100 purchase paid off in twelve equal monthly payments?"

Question asked in Washington was: "What DOLLAR amount of finance charge would you consider to be a fair charge for a $100 credit purchase paid off in twelve equal monthly installments?"

* Totals may not add to 100 because of rounding.

the account for some number of days without incurring finance charges (the "free-time" discussed earlier). For example, under most revolving credit agreements (both retail and bank card[9]) creditors will not impose finance charges during a month in which the beginning balance was zero or, if during the month the customer pays his previous statement balance in full. In fact, some customers never pay finance charges on their accounts because of the practice of paying the balance in full each month. Among approximately 2,000 customers of sixteen retailers in Minnesota the number of customers who avoided finance charges for the entire year surveyed was approximately one-third of the total sample. Other similar studies have shown about the same percentage of "free-ride" customers.

Understanding the difference between actual and stated rates is important to customers if they are to be able to make the best choice (least expensive) among several alternative forms of financing. Because of the "free-time" feature inherent in most revolving credit agreements, an open-end or revolving credit plan <u>cannot</u> be compared accurately to closed-end (installment) plans on the basis of annual percentage rates alone since the latter usually do not incorporate any "free-time".

Summary

Examining the distribution of credit cards revealed that fewer credit cards were held by households having characteristics which tend to be classified as "high risk" by creditors. Such characteristics include low income, limited education, "blue-collar" occupations, very young and elderly people, persons new on a job, and persons divorced or separated.

Tobit analysis revealed that the probability of holding credit cards increased with income, homeownership, closeness to city, positive attitudes towards credit, monthly indebtedness, and the use of banking services. The probability of holding credit cards declined in households where the head is single or very young or elderly, and in households whose occupations are considered "blue-collar". These results were entirely consistent with conclusions drawn by examination of the cross-tabulated data.

Holding credit cards is influenced by what people perceive to be the price of credit but not as much as it is influenced by other household characteristics. Perceived price was an insignificant explanatory variable in tobit analysis. The relationship between perceived price and income showed that the number of credit cards held changes very little over large differences in perceived price. Contributing to this phenomena is the fact that only about 15 percent of the respondents estimated the actual dollar charge accurately. Almost half over-estimated the dollar charge and over half of Minnesota card holders thought it was reasonable to charge more dollars than Minnesota law currently allows. Thus, the value consumers are receiving from credit cards is in excess of the actual finance charge they pay.

Policy Implications

The results of this study confirm that members of those households which possess high risk characteristics, those which are most likely to be rationed out of the credit market, do have fewer credit cards. To what extent this is due to negative attitudes about credit or to credit rationing cannot be exactly determined. However, economic theory and creditor behavior both indicate that when there exists a rate ceiling below the equilibrium rate, credit rationing will occur. Consumers who do not obtain credit due to rationing are those who present the greatest risk to creditors. They are relegated to paying cash, doing without, or obtaining credit from creditors who charge higher rates, sometimes illegally.

Since the price of credit has some influence on the number of credit cards held and probably more influence on the number of times they are used, consumers need to know what that price is. There is evidence that large numbers of people do not know the annual percentage rate, and if they do, they cannot translate it into a reasonably accurate dollar figure. In addition, most indicate a willingness to pay more dollars for credit than current rate ceilings allow in some states. Normalizing finance charges in terms of dollars rather than (or in addition to) annual percentage rates (APR) would probably be more meaningful to more credit customers, or at least would give additional information on which to make intelligent choices regarding alternative sources of financing consumer spending.

FOOTNOTES

[1]These figures were reported in Sears Roebuck and Co., 1977 Annual Report; "Credit World," February 1977; U.S. News and World Report, October 4, 1978; and Federal Reserve Bulletin, September 1978, respectively.

[2]Minnesota and Washington have a 12 percent legal maximum rate on retail revolving charge accounts. The maximum permissible rate is 18 percent (on at least a portion of the customer's balance) in the other states shown on Table 7.

[3]For a mathematical explanation of tobit analysis see Tobin [3] and Amemiya [1].

[4]Using tobit analysis to estimate the probability of holding credit cards involved the following specification.

a) $y_i = \beta_0 + \beta_1 P_i + \beta_2 a_i + \sum_j \beta_j H_{f_{ji}} + \sum_k \beta_k H_{d_{ki}} + \varepsilon_i$

where y_i = number of credit cards held by the i^{th} household;
p_i = perceived price of credit by the i^{th} household;
a_i = attitude towards credit by the i^{th} household;
$H_{f_{ji}}$ = j^{th} financial characteristic of the i^{th} household;
$H_{d_{ki}}$ = k^{th} demographic characteristic of the i^{th} household;
ε_i = error term; and
β_i = parameters to be estimated.

[5]Other studies (Hong [2]) found that having both a savings and checking account was significant in explaining declining probability of defaulting on loans.

[6]The perceived price for credit was determined from answers to a question asking the maximum legal dollar charge for $100 worth of purchases paid off in 12 equal monthly payments. For those who did not answer this question their answer to a question asking what they thought was a reasonable dollar charge for the same type of credit was substituted. An unfortunate feature of this variable is that it does not explicitly capture the costs due to noninterest fees. However, it is possible that respondents had more than just interest charges in mind since their responses were considerably higher than the dollar equivalent of legal interest rates.

[7]The simultaneous nature of supply and demand for credit cards was not handled in this paper. Therefore, the estimated relationship between perceived price and number of credit cards held cannot be interpreted as a demand curve.

[8]Actual dollar cost would run somewhere between $5.50 and $6.62, depending on how a creditor determines the balance on which the finance charge is based.

[9]Banks usually permit this "free-time" feature on merchandise purchases but not on cash advances (money borrowed on the card). However, some banks allow some type of "free-time" even on cash advances.

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SAVING BEHAVIOR IN MULTIPLE EARNER FAMILIES

Dr. Colien Hefferan*

Family saving has been traditionally viewed as primarily dependent on the level of income received in the family. This study tests the hypothesis that propensity to save is related to source of income as well as level of income. The sample was comprised of 100 single earner and multiple earner, intact, nuclear families. Saving was defined in two ways. The findings indicate that the propensity to save is higher in single earner than multiple earner families, using the first definition of saving, that is, increase in liquid assets. Using the second definition of saving, increase in net worth, multiple earner families showed a higher propensity to save than did single earner families.

The purpose of this study was to test the hypothesis that the propensity to save income within a family is determined by the number and types of sources of income received in a family as well as the total dollar level of income. This hypothesis had as its theoretical base the permanent income hypothesis developed and elaborated by Friedman and others (2). A basic assumption inherent in this research was that family members perceive income from varying sources in varying manners and prescribe uses for that income based on the source of the income.

There are a number of potential income sources for which this hypothesis and assumption might be tested, for example, income derived from investment activity versus that derived from labor force participation. The author chose to test the hypothesis by examining savings patterns in families where income is derived solely from the labor activities of a male breadwinner (husband) as compared to families in which income is derived from the labor force activities of both the male and female (wife) breadwinners.

Several researchers have analyzed the consumption behavior in families where there is a gainfully employed wife and have generally found little evidence to support the contention that multiple earner families adopt consumption patterns different from those held by families with non-working wives (4). Nonetheless, popular literature suggests that multiple earner families spend their money differently than do their single earner counterparts, use credit differently, and have attitudes toward economic security that differentiate them from similar single earner families. Consequently, it might be expected that multiple earner families make saving decisions that are different from those made by similar single earner families.

The 1977 Consumer Credit Survey completed by the Board of Governors of the Federal Reserve System reported that the proportion of families holding financial assets has increased during the last decade. Approximately three-fourths of all families hold saving and checking accounts, one-third hold bonds, and one-fourth hold stocks. Furthermore, there has been an upward trend in the total real dollar value of the assets held (1, pp. 104-105). The survey results suggest that holding financial assets is related to level of family income and education and occupation of the breadwinner. The relationship of number of earners within the family and the family's propensity to save was not analyzed.

Any study of family saving must be interpreted in terms of the definition - afforded saving. In this study, two definitions, and thus, two measures of saving were used. The first definition of saving is increase in liquid, financial assets over a specific period of time. This definition implies measuring changes in checking and saving accounts, cash holdings, and incidental cash funds over a one year period. The second definition of saving is increase in real net worth over a specific period of time. This definition implies measuring assets and liabilities, that is, changes in liquid accounts, durable goods, and negotiables as well as debt obligations, over a one year period. Net worth has been adjusted for the rate of inflation.

In order to test the basic hypothesis of this study, that is, family saving is a function of sources of income as well as level of income, an occupationally stratified sample of 100 intact, nuclear families residing in urban and rural, non-farm areas of Central Pennsylvania has been drawn. The participants were administered personal interviews using an interview schedule including questions regarding demographic information, income data, expenditure patterns, saving behavior, retrospective expenditures and saving, and goal commitment. The husband and wife were interviewed together.

In 57 percent of the households both the husband and wife were gainfully employed. In over one-half of the households both spouses were gainfully employed on a full-time (35 or more hours per week) basis. The mean family income for all participants was $17,455 per year; in single earner households the mean income was $15,890, while in multiple earner households the mean was $19,100. The mean age of the heads of households, males and females combined, was 32.6 years. Family size ranged from 3 persons to 9 persons with the mean family size being 4.2 persons. Years of schooling of the heads of households ranged from 8 to post doctoral with the mean number of years of schooling being 13.2. Profiles of typical expenditure patterns of the participants have been developed and will be reported elsewhere (3).

The average propensity to save varied with the sample population according to level of income and education and occupation of the primary wage earners. This is consistent with the findings reported in the Consumer Credit Survey. Further, two other factors were associated with differences in the average propensity to save. First, saving rates varied according to definition and measure that was used for saving. Using the first measure of saving, increase in liquid, financial assets during a one year period, the overall average propensity to save was 6.2 percent of the total income. In single earner families this percentage was 7 percent while in multiple earner

*Assistant Professor, Behavioral Economics, The Pennsylvania State University.

families the average propensity to save was 5.5 percent. Using the second measure of saving, increase in real net worth during a one year period, the total sample propensity to save was 9.5 percent. The percentage saved among single earner families was 7.8 percent while the multiple earner families saved 11 percent of their total earnings.

As is inherent in the discussion above, concerning the influence of measurement on the findings concerning propensity to save, the number of earners within a family appeared to influence the propensity to save. While the two measures of saving suggested that the influence of labor force participation on family saving was unclear, it was clear that saving rates vary according to number of earners.

In an attempt to determine the independent influences of number of earners on family saving behavior, a multiple regression equation was developed. The equation had the dependent variable, propensity to save, and the independent variables, total family income, education, occupation, and number of workers in the family. Separate regressions were run using the two measures of saving.

Using the first measure of saving, increase in liquid financial assets during a one year period, an adjusted R^2 of .65 significant at the .01 level was derived. In other words, 65 percent of the variance in average propensity to save was explained by income, income source, and education and occupation of the breadwinner. The only independent variables with significant contribution to this explanation, as measured by their *beta* weight, were income and occupation. Source of income, that is number of workers, did not add to the explanation of average propensity to save.

Using the second measure of saving, increase in real net worth during a one year period, an adjusted R^2 of .44 significant at the .01 level was derived. With this measure of saving, source of income made a significant, unique contribution to the explanation of variance in saving. Multiple earner families tended to have a higher average rate of saving than did single earner families at the same income level. Level of income and occupation of the breadwinners also had significant *beta* weights.

The influence of number of earners on family saving patterns is somewhat unclear. It would appear that multiple earner families increase their net worth over time at a rate greater than that of single earner families at the same income level. On the other hand, multiple earner families appear to accumulate fewer liquid assets than do single earner families at the same income level. There are many possible explanations for this. It may be that high rates of labor force participation within the family necessitate the acquisition of durables. Perhaps, high rates of labor force participation increase family financial security and thus reduce the perceived need to maintain liquid assets. The equivocal findings of this preliminary study suggest the need for refined measures of saving and longitudinal studies of financial behavior.

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THE COLLEGIATE CONSUMER REPORTING SERVICE

Dr. William R. Fasse and Stanley T. Low, Jr.*

The Collegiate Consumer Reporting Service is a federally-funded project which supplied consumer news to college newspapers in forty-nine states with a combined circulation of over one million. For twenty-one weeks, the project provided participants with consumer affairs columns, consumer news fact sheets and news summaries, and guidelines for establishing consumer news operations in their newspapers. Project operations are explained, and preliminary findings on participant usage of project-produced materails are presented.

The Collegiate Consumer Reporting Service (CCRS) is a federally-funded project at the University of Arizona designed to supply college newspapers across the country with consumer news. Since July 1978, the ten person project staff has prepared and distributed 21 consumer news packets to approximately 175 campus newspapers with a combined circulation of over one million. To receive project materials, the only requirement of a participating newspaper was for it to supply the project staff with a subscription to its newspaper.

This paper will discuss several subjects: the project's operations, newspapers that participated and the project materials sent to them, how these materials were used, staff studies currently in progress, and an idea for future research.

Operations

Discussion of operations will center on the roles of project staff members; details of project materail development and distribution are explained later.

At its peak, the paid staff consisted of two faculty advisors, six student writers, a half-time secretary, and a consultant. Dr. William Fasse from Consumer Studies and Prof. Abe Chanin from Journalism were the faculty advisors. Dr. Fasse helped writers decide what stories might interest student consumers, and Prof. Chanin helped them report and write those stories.

The student staff was led by its editor, a graduate assistant whose undergraduate work is in journalism. Also hired for the duration of the project was an undergraduate assistant editor. Four more students were hired during the fall as reporters and writers.

As originally planned, all project material was to have been prepared in the fall for distribution during the six-month period extending through April, 1979. It was for the fall that the four part-time student writers were employed. But the complex nature of consumer news and the staff's reliance on the telephone as its sole means of getting information nationally, made it necessary to continue reporting and writing for the entire distribution period. Two of the part-time student writers continued to work voluntarily after funding for their salaries lapsed.

The project's chief consultant, Thomas W. Pew, Jr., provided criticism from the outside. A freelance writer based in Tucson, Mr. Pew is an experienced consumer writer. He was chairman of the board of Media and Consumer magazine, and editor of the Dayton, Ohio, Daily News, which aggressively covered consumer matters.

Enlisting voluntary help from participant newspapers to develop project materials was nearly impossible. In one instance, ten participants agreed to price popular textbooks at their various bookstores and provide a short history of those bookstores' operations. Only the University of Kentucky Kernel actually provided the information. We feel the main reason for this problem was that providing free work to a virtually unknown news operation was a low priority to the student journalists involved. Most college reporters spend their time taking full class schedules and working for their newspapers. The only way, therefore, to obtain cooperation from participants in the future may be to pay for their help.

Participants

Three times more college newspapers wished to receive project materials than the staff had originally anticipated.

A single solicitation mailing in the fall of 2,180 newspapers resulted in 461 requests to participate; the staff had expected to receive only 100 such requests. If each request could have been served, fifteen percent of the known college press would have been involved in the Collegiate Consumer Reporting Service.

Of those 461 original requests, 172 newspapers with a combined circulation of nearly 1.2 million were chosen to participate. The major criterion for choosing participants was geography; every one of the 48 states and the District of Columbia from whom a request was received was given at least one participant. Circulation, type of school (junior college, four-year, graduate) and publication frequency (daily, weekly, twice-weekly, monthly) were also bases of selection.

Because 76 of those original 172 participants were not supplying the project with a subscription (the only cost of participating), they were removed and replaced with 82 new participants in January. These new participants enable the project to service college newspapers in every state but Alaska.

Of the current participants, almost half are weekly newspapers (see Table 1). Two of every five are either daily or twice-monthly newspapers. The remainder publish monthly. Although they have nearly the same number of participants as the twice-monthlies, the dailies circulate over five times as many newspapers per issue. While the weeklies are almost half of the total number of participants, they represent only about a third of total circulation.

*Both from the University of Arizona.

Table 1. Analysis of Current Participants By Publication Type

Publication Type	Number	(%)	Circulation	(%)
Dailies[1]	39	(22)	491,600	(45)
Weeklies	88	(49)	388,900	(36)
Twice-Monthlies	37	(21)	85,900	(8)
Monthlies	14	(8)	120,600[2]	(11)
TOTALS	178	(100)	1,087,000	(100)

[1]Newspapers that publish at least twice a week.

[2]The City of New York Newspaper, our largest participant, reports a circulation of 100,000.

Another analysis of circulation (see Table 2) shows that most project materials go to newspapers with ciruclations of no more than 5,000. While 68 percent of them are relatively small newspapers, 18 percent circulate between 5,001 and 10,000 newspapers per issue, and only 14 percent circulate over 10,000.

Table 2. Analysis of Current Participants By Circulation Size

Circulation	Number of Newspapers	(%)
0 to 2,500	74	(41)
2,501 to 5,000	47	(26)
5,001 to 7,500	14	(8)
7,501 to 10,000	18	(10)
10,001 to 12,500	3	(2)
12,501 to 15,000	12	(7)
Over 15,000	10	(6)
TOTALS	178	(100)

Project Materials

The main vehicle for achieving the purpose of the Collegiate Consumer Reporting Service has been the Consumer News Packet. Twenty-one packets were prepared for distribution over eight weeks in the fall and thirteen weeks in the spring. Those participants who publish at least once a week were mailed materials weekly, while those who publish twice a month or monthly were sent packets at those intervals.

The nucleus of each packet was the column prepared by the project staff. The twenty-one columns dealt with topics such as student-consumer organizing, "Truth-in-Testing" legislation, Proposition 13's renters' rebellion, President Carter's proposed cutback on student financial aid, and buyers' guides to credit, bicycles, calculators and used cars. Each story has a national emphasis, with information being gathered by telephone from government, industry, campus, and private sources.

Columns were accompanied by an illustrative cartoon prepared by a paid commercial artist experienced in the college market. CCRS also prepared fact sheets to go with some columns in the hopes of stimulating participants to localize the story to fit their situation. Four newspapers, for instance, used the fact sheet on checking accounts and surveyed banks to localize the story on that industry's attitude towards the student account.

In the spring, CCRS also began producing the "Campus Consumer Connection", a collection of two or three consumer news summaries either written by the project staff or taken from participant news stories. The Connection was designed to give participants an indication of what types of consumer problems students were experiencing on other campuses.

Staff-produced guidelines on how participants could establish their own consumer-reporting operations were also distributed. The first materials sent out by CCRS, these guidelines were designed to help the newspapers establish Action Lines for resolving reader-business disputes, prepare and publish product-price surveys, and establish a regular consumer news bureau for them to develop their own news stories.

In all, 54 items were distributed by CCRS over the 21-week period. This included 21 columns, 18 cartoons, 6 fact sheets, 4 collections of news summaries, 3 consumer reporting guides, and 2 reprints of participant consumer stories.

Material Usage

Before outlining in detail the longitudinal statistical study which is still in progress, a rough indication of how participants used project material will be explained.

Overall, 58 participants with a combined circulation of 360,500 have used CCRS material in some way at least once (see Table 3). This includes both newspapers that had to be removed and replaced for not supplying the project staff with a subscription and the newspapers that have been newly added. As Table 3 and Table 4 show, the average participant who has used project materials was a weekly with a circulation of no more than 5,000. In fact, 60 percent were small newspapers, while less than 10 percent had circulations over 15,000.

On the average, each column, the nucleus of the Consumer News Packet, was printed by ten participants with a combined circulation of 80,800. The two columns that received the most publication dealt with the college credit card market and campus consumer action groups. The credit story was run in 20 newspapers with a combined circulation of 134,000, and the consumer group story ran in 17 newspapers with a combined circulation of 146,000. A buyers' guide to bicycles ran in 12 publications circulating 85,400 newspapers, and two stories on landlord-tenant law and student checking accounts both ran in 11 newspapers, the first getting a total circulation of 88,400, and the second, 80,400.

Table 3. Analysis of Users By Publication Type

Publication Type	Number	(%)	Circulation	(%)
Daily[1]	17	(29)	212,900	(59)
Weekly	25	(43)	107,800	(30)
Twice-Monthly	15	(26)	38,800	(10)
Monthly	1	(2)	1,000	(1)
TOTALS	58	(100)	360,500	(100)

[1]Newspapers that publish at least twice a week.

Table 4. Analysis of Users By Circulation Size

Circulation	Number of Newspapers	(%)
0 to 5,000	35	(60)
5,001 to 10,000	11	(19)
10,001 to 15,000	7	(12)
Over 15,000	5	(9)
TOTALS	58	(100)

Longitudinal Statistical Research

Measuring participant usage of CCRS materials, and therefore gauging success, is just now beginning.

The project staff originally hoped to do an eight-month longitudinal study of both participant usage of CCRS materials and their overall reporting of consumer news. Reviewing those newspapers received, however, shows that only 40 participants will be useful in the study; not enough issues were received from the remaining participants that fit into our design. However, four measurement objectives will be attempted.

First, overall usage of CCRS materials will be measured. Second, the amount of any consumer news participants print will be compared with their political news both before and after receiving CCRS material. Political news is being used as the reference against which consumer news will be compared because most college newspapers cover campus and local political happenings and also print wire-service items of national and international politics. Third, participant usage of CCRS material will be compared with their usage of College Press Service material. The College Press Service is the only well-established, nationally-oriented news operation designed to serve college newspapers. Finally, a panel of experts will judge the quality of consumer reporting by participants over the measurement period.

An even smaller sub-sample of the 40 participants will be polled to gauge their opinions of the quality and quantity of CCRS material received.

Future Research

The first year of operation has prompted one major question: Why do some participants nearly always use CCRS materials while others never do? Because of the time lag between when a newspaper prints an issue and when the project, as a subscriber, receives it in the mail, only 11 of the 21 columns can at this time be examined for usage. However, the University of Kentucky Kernel, a daily newspaper, has used all but one of these 11 columns. Another daily, the University of Louisiana Daily Reveille, has used seven. On the other end of the scale, the Seattle, Washington, Pacific University Falcon weekly and the Drake University Times Delphic, an Iowa daily, have never used project materials. Common characteristics of newspapers that consistently used the materials would be of interest, as would characteristics of those who never used the materials.

DEVELOPMENT AND EVALUATION OF INTERNSHIP PROGRAMS FOR FAMILY FINANCIAL COUNSELING STUDENTS

Virginia B. Langrehr*

Internships are an important component of educational programs which prepare students for entry into a profession. Internships provide an opportunity to apply theoretical principles in a closely supervised situation. This paper identifies criteria for the development of a financial counseling internship program and reports on the experience of one institution in providing such internships.

Internships are an important component of programs preparing individuals for entry into a profession. Many universities have developed internships to provide students with the opportunity to apply theoretical principles and methods in a situation with close supervision. Recent growth in the number of financial counseling agencies and the recognized need for trained professionals to work in these agencies has led to the need to develop practice settings for students being trained in the field of family financial counseling.

This paper has a twofold purpose. First, it attempts to identify those criteria desirable for the development of financial counseling internship programs. Second, it reports on the experience of one institution which provides internships at seven practice settings. These settings offer different levels and types of experiences considered vital to the development of a well rounded professional.

Criterion for Evaluating Internship Settings

Three central elements must be present in any practicum to provide adequate exposure of the student to the work environment to justify the time and expense involved (Table 1). The first element central to the practicum is a professional environment. The setting must provide an opportunity for values and ethics of the profession to be clearly defined. Students must be accepted as beginning professionals and given responsibility with supervision that offers them personal and professional growth.

Second, students must be able to gain intimate knowledge of the agency, its organizational structure, funding, range and limitation of services, and interrelationships to the total community. Such exposure enables students to identify specific roles of agency personnel and the interrelationships of positions within the agency as clients' needs are met.

Finally, the setting should provide an opportunity for the student to integrate and apply the theoretical concepts specified in the core curriculum. An opportunity must exist for the student to observe the development of a client/counselor and counselor/creditor relationship and to practice the development of such relationships. Further the student should be able to utilize specific treatment methods in the setting. And the student should learn the reporting system and develop skills in making written and oral reports. Prior to establishing family financial counseling field settings, this criterion model was used to evaluate settings.

TABLE 1. CRITERION MODEL FOR EVALUATING FIELD INTERNSHIP SETTINGS

I. Professional Environment
   A. Ethical Standards and Professionalism of Agency Staff
   B. Supervision of Intern
   C. Professional Status of Intern

II. Integration of Financial Management Counseling into Organizational Structure
   A. Organizational Structure
   B. Funding
   C. Services
   D. Role of Financial Management Counselor

III. Integration and Application of Theoretical Concepts
   A. Client/Counselor Relationship
   B. Counselor/Creditor Relationship
   C. Counseling Skills
   D. Reporting Skills

The Supervision Model

We have experimented with a number of supervision models. Clearly, the most effective has been where the intern reported directly to an agency staff member that identifed with the philosophical purpose of the internship and clearly understood the expectations for student success (Table 2). In addition, the supervisor must have the power within the agency to prevent the student from becoming a secretarial assistant. In small understaffed agencies, too often the agency sees the intern as free help. Without a strong supervisor they may lose sight of the true objectives of the internship. Conversely, in very large agencies, insuring that the student is able to integrate into the structure and maintain a perspective of the financial counselors' relationship to overall agency goals can be a problem.

In addition to acting as professionals themselves, agency personnel must be willing to accept interns as preprofessionals and not as office assistants. Because of the sensitivity to privacy in the financial counseling area, it is vital that the university has trained and screened students for placements so that those placed in agencies are preprofessionals capable of assuming responsibility for their behavior and understanding the meaning

*Assistant Professor, Consumer Affairs Program, University of Wisconsin-Milwaukee.

of professionalism. Recognizing the growth of students in these areas, we have established levels of internships. Accepting that some settings make appropriate first semester settings but are not acceptable for advanced placements, and conversely that other settings are not appropriate for beginning placements. To insure that students and the agency are compatible our students are not assigned to a placement until they have successfully interviewed with the agency and both parties have agreed to establish a working relationship.

A major criterion for establishing a field internship setting is the integration of Family Financial Management Counseling into the organizational structure. The first step here is to identify the existing agency structure and determine how the field internship will operate. Knowledge of the agency's purpose and function is our first objective for beginning students. Unless the student clearly understands the agency's objectives and functions, and its organizational structure for achieving those objectives, they have a difficult time understanding the role of the financial counselor within the agency.

We have not restricted financial management placements to agencies that only provide financial and debt management services. Thus, for the student at a hospital alcoholic treatment unit or in a unit at the Department of Public Welfare an understanding of the broader objectives of the institution must be provided. We usually spend a month to six weeks during the first semester at a large institutional setting establishing the interrelationships of services. This is vital if the student is to appreciate and utilize the support system to maximize service to future clients. In less formal settings students may be able to move through this stage in a much briefer period. Thus, usually at one of the complex organizations we require the student to remain with the agency for two semesters to insure they go beyond identifying the role relationships to the organization and become active participants in providing services to clients.

The multiplicity of funding arrangements of agencies and the pervasiveness of funding to agency stability make it desirable for interns to gain an understanding of the agency's financial structure. Because they are required to intern at more than one placement, students can begin to compare the effects of funding sources on services provided and on the overall functioning of the agency.

Finally, a thorough understanding of all services provided by the agency helps the student broaden his/her perspective of the field of financial management. Perhaps equally as important, it establishes an integrative approach to client treatment, thus providing the student with a broader knowledge of the total community support system and the interrelationships of service providers.

You will note that with these criterion no set structure, funding, or services have been required. We have found that more important than how these are provided is the ability of the student to gain access to individuals at all levels of the organization to determine why and how it functions as it does. In all of the institutions top administrators have agreed that the internship is important and that thorough understanding of the total system is important prior to actual client contact within the agency. Even at the largest institutions top management personnel have conducted seminars for students to explain the organizational structure including the place of the field unit in the organization.

Evaluation of Seven Milwaukee Settings for Financial Counseling Internships

Over a twenty-four month period seven financial counseling practicums were developed (Table 3). Each placement did not inherently meet the requirements iterated above, albeit each was uniquely different and seemed desirable if measures could be taken to insure the inclusion of all elements. Second, to broaden the student's experience, two placement settings for each student were desired.

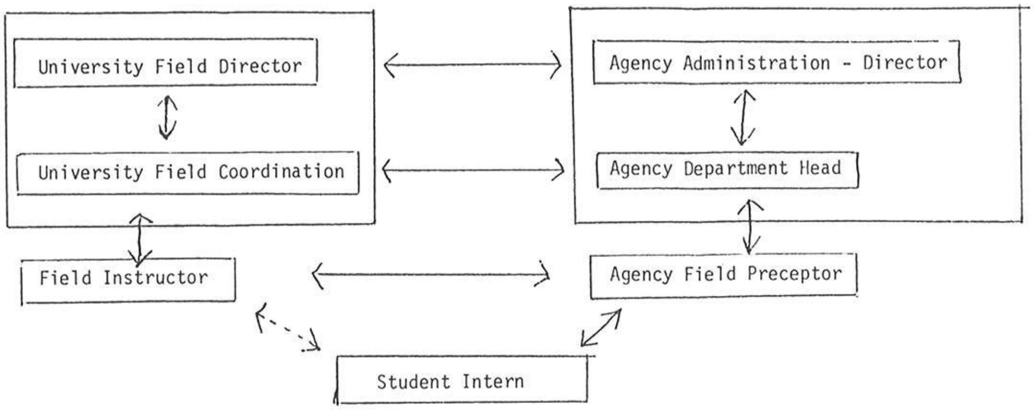
The settings consisted of two non-profit organizations which met all the requirements identified as necessary. One, a community agency, provided counseling to any resident experiencing consumer or debt management problems. This agency assisted families in budget development and provided a prorating service to overextended debtors. It also provided seminars on debt and money management problems. The second agency served court assigned restitution clients. Clients were directed to the agency by probation and parole officers and were required to utilize the agency's services until their debts were eliminated. This agency also served some clients that sought services without referral. These clients paid a service charge for services received. Budgets were developed and prorated over the length of the contract with the agency.

Another unit was developed at the Veterans Administration Hospital. No agency unit existed for the purpose of providing financial counseling. Through the Social Work Unit of the hospital it was possible to provide in-house supervision to the student, with support from university staff, in handling specific financial problems. This placement provided the student an opportunity to work with crisis money management problems resulting from severe health problems. Clients were referred from the spinal cord unit as well as from the alcohol treatment unit. This placement offered the unique opportunity to utilize group therapy.

One of several consumer advocacy agencies provided financial counseling services. A field unit at this agency was developed for a financial management field student to work directly with the counselor providing this service. The agency's primary service is consumer advocacy with limited financial counseling services. Thus the student has the opportunity to observe the integration of financial counseling in a broader service oriented agency.

Two similar services were developed at the university. One provided consumer and debt counseling services for any university student or community resident seeking help. No prorating services were provided; however, budgets were developed and clients were seen regularly and given support counseling as they managed their plan. Third party contacts were made

TABLE 2 SUPERVISION MODEL



Roles

Field Preceptor - Supervises student at the agency, works directly with Field Coordinators to insure that specific learning objectives are met.

Field Coordinator - Works with agencies in implementing field placements. Maintains contact with the agency to insure agency supervision is consistant with overall learning objectives. Serves as liaison between the agency and university. Assigns all grades with recommendation of supervisor.

Agency Department Head, Field Supervisor - Develops administrative guidepost. Defines objectives of university and agency and develops unit that integrates these objectives.

Dean and Director - Agree on joint benefits of internship program. Finalize monetary exchanges.

TABLE 3 Evaluation of Seven Milwaukee Settings for Financial Counseling Internships

	Organizational Structure	Funding	Services	Opportunities for Students
1. Debt Counseling Service	Unit of Family Services - Board of Directors Agency Director and 1 Counselor	Community	Financial Planning and Debt Management	Observation of financial counselors Organizational structure of third party payee Financial Counseling diversified client market Group Training Sessions
2. Debt Counseling Service	Director - Board of Directors 2 Financial Counselors 1 Criminal Justice Counselor	Creditor Fees County	Financial Planning and Debt Management Restitution	Observation of financial counselors Organizational structure of third party payee Financial Counseling diversified client market Group Training Sessions
3. Veterans Administration Hospital	Hospital Administration Social Services Unit 6 Social Service Counselors	Federal	Alcoholic Treatment Spinal Cord Injury Service	Observation of support counseling Varied therapeutic settings Financial Counseling client market alcoholic & spinal injury patients Individual & Group Counseling Group Training Sessions
4. Consumer Advocacy Agency	Director - Board of Directors 1 or 2 staff Volunteer staff	Grants	Counseling on Consumer Issues Some Financial Counseling	Observation of consumer advocacy Development of Advocacy Skills Financial Counséling diversified market
5. University Financial Counseling Service	Director - Board of Directors Student Counselors work closely with Student Services	University	Financial Counseling Consumer Problems	Peer Advising in Financial Counseling on Consumer Problems Direct responsibility for reporting to Board
6. University International Scholars Program	Director Case Worker	University	Advising & Counseling on Problems of International Students	Peer Advising on Consumer & Financial Problems Group Training Sessions
7. Department of Health & Social Services	State Director Milwaukee Director Division Head Department Head Preceptor	Federal and State	Diversified Social Services	Work in specialized unit without professional financial counselor Develop knowledge of complex organizatior Financial Counseling Client Market - WIN recipient

by the agency to confirm the clients' intentions and plans for repayment schedules. A second university unit was developed in the International Scholars program to assist foreign students and their spouses with their unique problems of money management. This unit provided educational programs for clients in interpreting rent contracts, helped clients identify community resource services (including helping homemakers with young children identify and obtain health and educational services) and provided field trips to stores and shopping centers to help students with special problems in locating merchandise and making specific purchases. An advisory board comprised of University personnel providing direct services to students was established. These persons included the Director of Financial Aids and the Director of Health Services, as well as other Student Services personnel. The opportunity to observe other professionals providing financial counseling was limited at these placements.

Another placement was developed at the welfare department. No agency unit existed for the purpose of providing financial counseling. This necessitated the development of a special unit headed by university personnel and staffed by students to provide a voluntary service for clients seeking financial management assistance. All clients were referred to the unit by social workers or aides at the department. No client was required to participate in the financial counseling program. The clients maintained control of their funds with counselors providing information on expanding resources, redirecting resource allocation, and serving as intermediaries with third parties to eliminate or reduce stressful situations. A graduate student enrolled in a Social Work Field Placement served as the field preceptor and provided the professional role model for students.

Summary

Three essential components of internship programs are: (1) the ability to integrate the student into the agency organization in such a way that the student learns the agency structure and function; (2) to provide opportunities to apply theoretical concepts and counseling methodology in a real situation which developes client/worker relationships; and to provide personal and professional growth opportunities as students function as professionals. These components are inherent in a variety of existing settings in every community. It is possible to develop settings providing each of these essential components even though the components are not inherent in the original setting. The settings developed in this report do not offer the same experience. Each does offer an opportunity for the student to develop in each of the three areas. The variety for experiences offered maximizes student abilities to recognize ways of developing job opportunities, as well as applying theoretical concepts and obtaining practical job experience.