agree that voting is not enough. Active involvement of citizens is the process that helps policy makers get direct information from people for a truer feeling of their wants and needs. Verba and Nie (5, p. 80) categorized political involvement into four broad modes: voting, campaign activity, particularlized contacts and cooperative activity. In particularized contacts the citizen determines the timing and acts alone using low pressure and high information on the legislator. Cooperative activity is initiated by citizens, often as groups, and takes place at any time or in relation to any issue. The pressure on the legislator ranges from low to high with a high amount of information transmitted . The goals of studying the bills, sharing information and letting their legislators know how they felt about them are examples of active political participation beyond voting and campaign activity.

The campaign was introduced with emphasis on three major problem areas found under current state laws and both proposed marital property reform bills. They were credit and how credit laws apply to wage-earning and non-wage earning spouses, management and control of family money, and state inheritance and gift tax laws associated with property transfers between spouses and between generations.

In order to most effectively communicate the messages and motivate public participation, appropriate delivery methods for audiences, goals, and resources were selected (1, p. 16).

Public Media

Public media is fast and reaches a large audience at low cost. Radio, television and newspapers can create and heighten awareness. A series of 15 public service announcements, PSAs, were written, voiced or taped for the University of Wisconsin-Extension public service announcement disc, or record, which is mailed to 120 commercial radio stations in Wisconsin. These same PSAs in script form were mailed to 15 commercial radio stations in large metropolitan areas which do not regularly receive the disc. Surveys show that 85 percent of the stations receiving the disc make frequent use of these PSAs. However, larger radio stations prefer to produce their own PSAs from information supplied in script form.

Several live call-in radio shows were produced and aired on Wisconsin Public Radio for the largest farm and consumer program in the state--an audience of about 80,000. As a result of query letters sent to commercial stations, several radio interviews were broadcast. Since the topic is complex, show hosts were offered a list of lead-in questions before the programs were taped.

Because of the broad scope of the topic, query letters were sent to local and national family and consumer television programs. Only Wisconsin-based programs have been produced to date. Several cable television programs, both audience participation and interview, have been produced. These programs have been retained on videotape and are being circulated among the state's cable television stations.

It was originally intended that news feature information stories be sent to all state dailies. After consultation with a major state editor, it was decided to send fact sheets to supplement news stories on the two bills instead of the prepared articles to those papers with a paid circulation of over 35,000. Larger papers prefer to delegate complicated topics to staff writers. The 26 smaller state daily papers received a "package" of three news-feature stories and a cover letter. The package zeroed in on the two bills and the three biggest problems under present law. Past experience shows that 65 percent of all editors of smaller papers use such stories more than half the time.

Extension home economists received a separate series of three news stories for them to localize and use in their own weekly columns. Each media release urged the reader or listener to call or write for more information. Both campus and county-based faculty have taught classes on marital property reform throughout the state. The local press have frequently reported information from these meetings.

Legislators also received the fact sheets detailing the impact of the pending legislation. After consultation with legislators, a separate fact sheet for residents was preapred which gave guidelines for communicating with elected representatives and these were sent whenever further information was requested. This "action fact sheet" explained the importance of legislator contact and the most effective methods of influence. Personal visits, telephone calls and mail were perceived as being effective methods of communication.

Controlled Media

Controlled media such as direct mailings and exhibits reach a selective audience and can provide more complex information. For example, a portable table-top exhibit was designed and constructed so it could be folded into a large mailing container and sent anywhere in the state at a reasonable cost.

Used first as a manned exhibit at the meeting of the Wisconsin Home Economics Association, it continues to be used in public places--courthouses, banks and malls--to increase awareness before a program is presented in an area.

A comprehensive brochure comparing present property laws with the two bills was produced and distributed to county-based faculty as background for their programs throughout the state.

Personal Contact Media

When using personal contact media, the communicator can reach a small selective audience and have high control over the presentation of complex information. One example is teleconferencing, a point-to-point hook-up via the low cost state telephone system. Lines from campus offices to homes or meeting sites have proven to be a practical, inexpensive and effective delivery method with instant feedback (3, p. 14). The portable, amplified microphone equipment was made available through UW-Extension. Teleconferencing informs and instructs via two-way, active, spontaneous exchanges between faculty and groups. Participants freely asked questions and shared experiences and were not intimidated by the equipment. Supplemented by fact sheets, overhead transparencies, slides and county-based faculty to assist in the teaching, teleconferencing has proven to be an economical and satisfactory substitute for face-to-face meetings.

County-based faculty were able to share in area teaching assignments because on-campus instructors have presented training programs to Extension farm management agents and home economists through the use of the interactive Educational Telephone Network (ETN). The ETN system, which reaches all 72 counties, is used to keep county-based faculty current with educational practices. These instructors work closely with families in the teaching of estate planning and financial management concepts. In addition, a "short course," especially for women was conducted at the three-day statewide College Week for Women. An open meeting, sponsored by UW-Extension with legislators, lawyers and Wisconsin Women's Network, was attended by 200 women during College Week. Other face-to-face contact with audiences included community organized public meetings in 38 counties.

Using a computerized mail system, called electronic mail, county-based faculty were provided information on the current status of the legislation and emerging problems. In this system, messages, including news releases, are typed at a terminal. Once the information is sent, it is immediately available at the county office's terminal. This two-way system allowed county personnel to ask questions concerning the bills and receive an overnight answer. Prior to public hearings on the bills, the electronic mail system was used to give county faculty guidelines for their own use and to help them assist local residents in preparing testimony.

Even though legislative hearings were held on the bills, it seemed most effective to inform and educate the public over the period of time from when the bills were being drafted until they came to a vote in March of 1982 rather than releasing the bulk of information at one time. Thus, the campaign extended from January, 1981 to early 1982.[3]

System for Measuring Impact

With limited resources, it is important to know the effectiveness of the media educational program. In this system of measuring impact, particular attention is being devoted to assessment of knowledge and implications of the current property ownership laws. Attitudes toward equality and property ownership in marriage may underlie the perceived need for change in the separate property system and consequent participation in policy development. Whether or not residents are aware of the proposed legislation and the content of the alternative bills is being assessed also.

The investment in the educational campaign by consumer educators is being evaluated based on the identification of the sources of information and the knowledge which respondents report. Where they have received the current information and where they will go for further information are important to future educational efforts in estate and financial planning.

Another focus in the system is on activities in policy development for which a continuum of public policy participation has been developed. Participation ranges from seeking information about the problem, informing family and friends, writing newspaper editors and legislators, meeting and conferring with elected officials and community leaders, joining and working with organizations

[3]Several events have occurred in the recent property reform debate in Wisconsin: legislation has passed to make interspousal transfers tax-free, and after lengthy debate in the legislature, neither reform proposal was passed. The proposals very likely will be reconsidered during the next legislative session.

seeking changes, and speaking to groups to educate others. This measure will allow scaling of participation and thus provide a measurement for statistical analysis. The analysis is being designed to discover interrelationships among demographic and media variables, knowledge, and participation in the policy development process. The data are being collected by use of a structured questionnaire administered to a sample of Wisconsin residents via random digit dialing telephone contacts.

Summary

Federal guidelines for new initiatives in home economics (4, p. 39) emphasize the importance of management skills in analyzing the economic implications of property transfer laws. Helping the public assess legislation and take action requires knowledgeable and politically astute professionals. Acting as a liaison between families and legislators, home economists and consumer educators have a role in translating needs and the impact of proposed public policy to others. Because of our education and experience, we are in a position to investigate problems and interpret policies which impact upon families. Those consumer educators involved in the Wisconsin marital property reform educational campaign are giving leadership to public policy developments.

References

1. Entine, Lynn and Abbie Ziffren. "Getting the Word Out...A Handbook for Planning a Public Information Campaign." Madison: University of Wisconsin-Extension, Publication Number J3081, 1980.

2. Nerud, Georgia S. "A Survey of the Extent of Involvement of Professional Home Economists in Public Affairs Activities." Ph.D. dissertation, University of Maryland, 1979.

3. Sutherland, Stu. "Extension Teleconferencing in the 1980's." Extension Review 52, 2(1981): 12-16.

4. U.S. Department of Agriculture, Science and Education Administration. January 1981. A Comprehensive National Plan for New Initiatives in Home Economics Research, Extension and Higher Education. Washington, D.C., Miscellaneous Publication Number 1405.

5. Verba, Sidney and Norman Nie. Participation in America: Political Democracy and Social Equality (New York: Harper and Row, 1972).

FACTORS MOTIVATING CONSUMER ENERGY CONSERVATION

Joan K. Gray, UCD[1]

Abstract

In order to evaluate public policies aimed at encouraging residential energy conservation, it is necessary to know what factors affect the decision to invest in energy-saving capital. Climate and a history of other energy conserving behaviors were shown to be more significant than financial variables.

Introduction

Over the past decade, rapidly rising energy prices have made energy conservation necessary for many households; moreover, energy conservation is required to reduce national dependence on imported petroleum. Consequently, many public policies have been proposed or enacted, at all levels of government, which are aimed at encouraging investment in energy-conserving capital goods. Incentives such as tax credits, subsidies, free products, and low interest loans have been offered to the American public. Policy analysts are faced with the task of evaluating alternative programs in an effort to determine past, as well as future, effectiveness. What is needed is a model which predicts the probability of investment in a particular type of capital good. Once we know which factors most strongly influence a particular investment decision, the optimal strategy for selecting the best public policy will closely follow. For example, there are several categories of factors which might influence the decision to invest in insulation.[2] The decision may be primarily financial and, thus, influenced by such factors as income, existence of and awareness of tax credits or the size of one's home (larger homes are proportionately more expensive to heat). Characteristics particular to the home may be the key impetus to investment. Such factors as size, value and type of home may be important here.[3] Alternatively, climate may be the major factor as measured by the number of heating or cooling degree days per year in the area where the home is located. Finally, none of these more rational reasons may be the basis for investment. Perhaps it is a person's attitude toward the need for energy conservation which is the crucial factor. People who believe in the importance of saving energy may undertake investment even when it is not economically rational to do so. They may feel that they are, in some small way, contributing to the ultimate solution to the energy problem. A proxy for a pro-conservation attitude might also be how many other energy-saving activities a respondent has undertaken in the past.

Results of this study should provide evidence to policymakers regarding the necessary direction of future regulation. For example, if financial factors are the most significant factors, a program of tax-credits and subsidies would be advisable, whereas, if attitudes and energy-conservation behavior appear to dominate, an extensive program of consumer education would be most valuable. Alternatively, if house-related features appear to provide the impetus to insulate, a more long range planning approach will be necessary to replace the obsolete stock of housing.

Methodology

Survey Instrument and Sample Selection

This analysis is based upon data which was collected in conjunction with the W-159 Western Regional Experiment Station Project, "Energy Consequences for the Western Region", under the auspices of the U.S.D.A. A ten-page questionnaire, nine pages of which were sent out in all other participating states, was sent out in early 1981. Questions solicited information on energy conservation practices and attitudes, socioeconomic characteristics of respondents and home-related factors. The California page, sent only to those in that state, focused on insulation.

The sample was stratified in two ways. First, each county was designated rural or urban based upon the presence of a Standard Metropolitan Statistical Area (SMSA). Each of these sets were then segmented into six regional areas by north-south and by coast-valley-mountain. From each of these twelve subgroups, one county was randomly selected. This stratifying technique enabled selection of a more representative sample and allowed for analysis by climate and region. The stratification guaranteed that approximately half of the questionnaires would go to rural residents.

All telephone directories in a selected county were enumerated allowing names to be drawn at random from these books. Of the 1655 questionnaires sent out, 629 usable returns were received. Deducting undeliverable and ineligible respondents, this resulted in an adjusted response rate of 48.6 percent.

---

[1] Post-Graduate Research Agricultural Economist, Department of Agricultural Economics, University of California, Davis

[2] Insulation was selected as an example of an energy-saving capital investment because of its ubiquity.

[3] Because of the high degree of colinearity among the home-related variables in this data set, only age was actually used in the analysis.

Variables

The dependent variable for this analysis is the level of insulation currently in the home. Four levels were included: R-0 (none), R-11, R-19, and R-30. The mean level was between R-11 and R-19 (refer to Table 1). Eight independent variables were included. Income ranged from zero to $60,000 with a mean of $28,273. Residence in an area which has a high number of heating (HDD) or cooling (CDD) degree days were included separately. A pro-energy-conservation attitude index was compiled. Score range was 0-16 with a mean of 10. A similar index was compiled to measure pro-energy-conservation behavior. Respondents were given one point for each energy conservation feature presently in their homes or activity currently practiced for a possible maximum score of 19, and a mean score of 7.29. A comparison of these two means reveals that most respondents have a positive attitude toward energy conservation (average score is 62%) but have actually undertaken a much lower percentage (average = 38%) of energy conservation activity. Awareness of either the state or federal tax credit for the installation of energy-conserving features was included. Eighty-one percent of the sample were aware of at least one of these credits. Home size was also included. Since large, uninsulated homes are so expensive to heat and cool, one would expect owners of such houses to undertake additional investment behavior. The average home size in this sample was 1513.8 square feet. The last variable included was year in which the home was built. The mean home in the sample was eleven years old which indicates it predates the onset of the "energy crisis" by several years.

TABLE 1. Descriptive Statistics

Variable	Mean	Minimum	Maximum
1. Insulation level	1.3898	0.	3.000
2. Income	28273.	0.	60000.
3. Heating degree days	0.18220	0.	1.000
4. Cooling degree days	0.44915	0.	1.000
5. Energy Conservation Attitude Index	10.013	0.	16.000
6. Energy Conservation Behavior Index	7.2966	0.	19.000
7. Awareness of tax credit	0.81780	0.	1.000
8. Size of home	1513.8	500.0	3000.
9. Year home built	12.356	1.0	16.000

Only 269 respondents knew the level of insulation in their homes. A complete set of data was not available for each of these. The final sample size for these analyses was 236.

Findings

Coefficients of correlation between variables are listed in Table 2. Level of insulation tends to increase when the home is in a region with a large number of cooling degree days (CDD) but tends to decrease when there are a high number of heating degree days (HDD). In most parts of California, the primary weather concern is cooling rather than heating. In this sample, only 20 percent live in the colder climate type while 44 percent live where it is often uncomfortably hot[4]. The apparent contradiction in the sign of the insulation-HDD correlation may be attributable to the fact that the highest number of heating degree days (HDD) anywhere in California is 4632. This is a very low maximum when compared to other states.

TABLE 2. The Correlation Coefficient Matrix

Variable	Correlations								
1. Insulation level	1.000								
2. Income	0.1423	1.000							
3. Heating degree days	-0.3390	0.0374	1.000						
4. Cooling degree days	0.4420	0.0156	-0.4262	1.000					
5. Energy Conservation Attitude Index	-0.0029	-0.0668	0.0505	-0.0443	1.000				
6. Energy Conservation Behavior Index	0.4980	0.1319	-0.1615	0.3283	0.2795	1.000			
7. Awareness of tax credit	0.2178	0.1902	-0.0900	0.1173	0.1207	0.2614	1.000		
8. Size of home	0.2325	0.5432	-0.0766	0.0485	-0.1134	0.1972	0.1649	1.000	
9. Year home built	-0.3741	-0.0812	0.1233	-0.2046	-0.0391	-0.3204	-0.1476	-0.1640	1.000

Increased levels of insulation are highly positively correlated with other energy saving conservation activities as one would expect. There is no correlation, however, between level of insulation and attitude towards energy conservation. Older homes tend to have less insulation than new ones which conform to revised building codes and increased awareness of the need for energy conservation.

Energy conservation activity is positively correlated with HDD, attitude and awareness of the tax credit. It is negatively correlated with age of the home. This may be due to the fact that most new homes are sold with many of the features that comprise the "behavior" index.

The Decision to Insulate

The first qualitative choice model used in this study was a probit analysis of the decision to insulate. The sample was segmented into just two parts: those with insulation and those without. Results are seen on Table 3, column 1. This analysis compares persons who have insulated with those who have not. For four of the eight independent variables, the insulator group is significantly different from the noninsulators (specific significance levels can be seen in Table 3). According to these results,

[4]As the negative sign on the HDD-CDD correlation of .43 implies we do not tend to see both extremes of climate in any region of California.

insulators have a higher level of energy conservation activity and are more likely to live in climates which have a large number of cooling degree days. The results also indicate that insulators are less likely to live in a climate with a high number of heating degree days. Insulators also tend to live in newer structures. No significant differences exist between the groups in regard to income, attitude, awareness of tax credit, and size of home.

TABLE 3. Probit and Logit Estimates of the Probability of Insulating

Independent Variables	Probit Estimates: Insulators	Logit Estimates, Insulation Group: R-11 (standard error)	R-19 (standard error)	R-30 (standard error)
Income	0.000012543 (0.000008)	0.000029* (0.00002)	0.000020 (0.00002)	0.000012 (0.00002)
Heating degree days	-0.91141** (0.31809)	-2.072094** (0.86610)	-1.238186** (0.60788)	-2.085069* (1.18853)
Cooling degree days	1.2796** (0.31660)	1.814885*** (0.65272)	2.416999*** (0.60675)	2.679467*** (0.72468)
Energy Conservation Attitude Index	-0.041044 (0.038219)	-0.09441 (0.07986)	-0.084682 (0.07170)	-0.127908 (0.08896)
Energy Conservation Behavior Index	0.28214** (0.051798)	0.367152 (0.10887)	0.547682*** (0.09967)	0.418128 (0.12155)
Awareness of tax credit	0.33505 (0.28710)	0.134412 (0.71190)	0.293248 (0.54107)	0.0486652 (0.78271)
Size of home	0.00023789 (0.00023531)	-0.000134 (0.00051)	0.000461 (0.00044)	0.000804 (0.00057)
Year built	-0.14117*** (0.032665)	-0.245488*** (0.06731)	-0.294173*** (0.06216)	-0.353174*** (0.07002)

*significant at .10 level
**significant at .05 level
***significant at .01 level

Level of Insulation Selected

In addition to knowing the factors which separate insulators from noninsulators, it is equally important to be able to predict the level of insulation which a particular household might have. This is a critical piece of information because, for example, persons with an R-11 level of insulation are likely to need, and want, additional insulation protection, whereas, someone who has already insulated to R-30 will be unlikely to be stimulatd to insulate further regardless of how attractive the incentives offered by public policies. Segmenting by insulation group allows us to "target" particular households when formulating future policies.

The multinominal logit model allows for the estimation of a separate equation for each of three levels of insulation (R-11, R-19 and R-30). With this specification, a set of coefficients is estimated for each level of insulation. These coefficients compare persons with a given level of insulation to the group with no insulation. Thus, we have three vectors of coefficients listed on Table 3. This analysis is similar to that which was done in the previous section, only in this analysis, each level of insulation was considered separately.

Results parallel those from the probit analysis closely. For R-19 and R-30, four out of the eight coefficients are significantly different from those of the R-0 group. Five are significantly different for the R-11 group. Only the R-11 group had higher income than the noninsulator group. All groups lived in climatic regions which have fewer heating degree days but more cooling degree days than areas in which noninsulators live. While, contrary to expectations, all groups had lower attitude scores than the noninsulators, none were significant. All groups did, however, have behavior index scores which were significantly higher than the base group. These differences tended to increase with higher insulation levels. None of the groups were more aware of the current availability of tax credits than the noninsulators.

The size of the homes of insulators was not significantly different from home size for the noninsulating group. However, the age of the home was significantly different for all groups. Further a trend can be seen in which newer homes have higher levels of insulation.

Predicting the Level of Insulation

As mentioned earlier, the ability to predict a household's level of insulation based upon a few pieces of information is an invaluable policy tool. To evaluate the predictive powers of this particular set of variables, the logit analysis was rerun after 23 cases had been randomly deleted from the original sample. The coefficients from this subsample were compared to the original sample to ensure that they were not significantly different. The probability of insulating to each of the four insulation levels was calculated for each of the 23 deleted cases. A criterion of "highest probability" was set to evaluate the predictive capacities of the equation. As seen in Table 4, the model correctly placed 12 of the 23 cases, or slightly more than 50 percent. A completely random model would predict correctly only one-quarter of the time so this equation represents an improvement over a random predictor. Further refinement of the equation is needed in order to obtain a set of variables that places more of the cases accurately.

TABLE 4. Comparison of Insulation Level Predicted by Multinominal Logit Equation to the Actual Level of Insulation

		Actual: R-0	R-11	R-19	R-30
	R-0	0*	2	2	0
	R-11	0	0	0	0
Predicted	R-19	1	3	12	3
	R-30	0	0	0	0

*number of cases in each cell

Summary and Conclusion

The factors which predict investment in energy-conserving capital goods can be tested with a probabilistic equation using logit or probit analysis. The ability to predict influencing variables accurately facilitates both program planning and policy analysis. While the model tested here represents a substantial improvement over random placement, the model can be even further refined.

The factors which seem to affect the insulation decision most dramatically in this set of variables are climate, a high level of other energy saving behaviors and age of home. Contrary to expectations, financial variables such as income, awareness of tax credits and size of home (large homes are more expensive to heat and cool) were not important factors distinguishing insulators from noninsulators. Climate is out of the policymaker's control as is age of the housing stock. However, the latter provides some hope for the future. As more new homes are added to the country's stock of houses, the average level of insulation will also increase. The only significant variable over which policy makers do have some control is the level of other energy-saving activities. If people can be encouraged to undertake other energy-conserving behavior, they are likely to undertake insulation as well. The task of educating the public to the value and means of energy conservation is paramount.

BANKRUPTCY: A CONSUMER CONCERN

Marilyn Gunther, Credit Counseling Centers, Inc.[1]

Abstract

This paper will examine five areas of suggested reform of the 1938 bankruptcy law expressed by two studies prior to the actual 1978 reform in the act. The areas will be examined in light of the law practiced from Oct., 1979 through 1981. The five areas of concern will be discussed in terms of current procedures and the effectiveness of the law as a consumer solution for severe debt situations.

The Bankruptcy Reform Act of 1978 received impetus for its drafting and passage from the Institute for the Future, Menlo Park, California, and Massachusetts Brooking Institute studies of the 1938 bankruptcy law (8, 13). These early 1970's studies made numerous recommendations for the code that was passed in 1978. This paper will examine five concerns expressed in both studies in light of the 1979 bankruptcy law, and its practice from October 1, 1979 through 1981. The areas are: (1) the need for simplification of the law, its procedures and accessibility to consumers; (2) the need to add uniformity to exemptions and the interpretation of their application; (3) the need for control on creditor reaffirmation, repossession and stronghold on secured debt; (4) the need to establish equitable repayment programs for debtors; and (5) the need to establish rehabilitative counseling for debtors. These five areas will be discussed in terms of current procedures and the effectiveness of the law as a consumer solution for severe debt situations.

The Need for Simplification of the Law, Its Procedures and Accessibility to Consumers

Records from the Division of Bankruptcy of the Administrative Office of the United States Courts show that for ten years prior to the reform act, bankruptcy figures fluctuated in the range between 175,000 and 250,000 (1). In 1980 and 1981 bankruptcies soared to 409,800 and 452,732 filings respectively (Figure 1). At first glance the drastic increase in filings appears to substantiate the consumers'need for the new act (Figure 2). However, in addition to the passage of the new law several other factors led to the high bankruptcy rate including the poor economic climate particularly in the industrial section of the economy, greater knowledge of the law through media publicity, aggressive marketing and advertising on the part of lawyers, and the changing attitudes toward bankruptcy on the part of consumers (3).

Many administrative procedures have been simplified such as a court trustee handling supervisory functions instead of the judge. The bankruptcy judge no longer takes an active role in the administration of the case until the final determination, freeing up court time and easing the handling of cases. As of April, 1984, bankruptcy judges will be appointed by the President, confirmed by the Senate and have terms of fourteen years giving added consistency to court proceedings (2).

One procedure not simplified, however, is the need for legal counsel. Although not required by law, legal counsel is an almost absolute necessity when filing bankruptcy since both Chapter 13,Debtor Rehabilitation proceedings and Chapter 7, Straight Bankruptcy, are lengthy, complex and when not properly executed work to the detriment of the consumer. Because the code placed few restrictions on legal fees, a competitive legal market is encouraged. Fees are often incorporated into settlements making it easier for the debtor to pay, but sometimes obscures the cost of the procedure.

Figure 1

Consumer Bankruptcies

Fiscal Year	Bankruptcies
1971	182,249
1972	164,737
1973	155,707
1974	168,767
1975	224,354
1976	211,348
1977	182,210
1978	172,423
1979	196,976
1980	314,875
1981	452,732

Source: Division of Bankruptcy of the Administrative Office of the United States 1982.

One feature of the law, in particular, gives immediate consumer relief, that of automatic stay. As soon as the bankruptcy petition is filed, no further collection activity of any kind may be conducted against the debtor or debtor's property. The automatic stay provision removes the stress caused by continuous creditor contact and prohibits creditor telephone calls, letters, court summons, repossessions, utility cut offs and mortgage foreclosures (12). The 1979 bankruptcy code does appear to have accomplished the need for accessibility to consumers and at least some simplification of the law and basic procedures.

[1]Marilyn Gunther, Director of Education & Research Credit Counseling Centers, Inc. in Michigan

The Need to Add Uniformity to Exemptions and Interpretations of Bankruptcy Applications

Under the present code, the debtor filing Ch. 7, Straight Bankruptcy, can choose state or federal exemptions however, both may not be included in a single petition. In the case of a joint petition, one spouse may choose state exemptions, while the other spouse federal exemptions, thus enjoying the benefits of both. As a general rule, the federal exemptions are far more liberal than most state exemptions. Some states also have laws to protect the homestead and certain other property when held in joint ownership.

Property exempted is retained by the debtor free and clear of the claims of the trustee and of any creditors who do not have a security interest in the property. Federal bankruptcy exemptions include up to $7,500 equity in a home and burial plot, up to $1,200 equity in a motor vehicle; up to $200 per item in household goods, furnishings, clothes, appliances, books, animals, crops or musical instruments; up to $500 worth of jewelry; up to $400 in personal property, applied any way the debtor chooses; up to $750 worth of implements, books, or tools of the trade; up to $4,000 cash value of life insurance policies; the right to receive social security, welfare, unemployment, illness payments, alimony and similar payments and certain other benefit programs. For married couples both filing, these exemptions are doubled. The law also allows equity from exemptions to be applied to other property owned by the debtor.

This liberalization of exemptions is one area creditors would like to see changed. At the present time, it is estimated that in 90% of straight bankruptcy filings, all assets are retained by the debtor (4). When only non-exempt property is used to pay the creditors, the creditors may get little or nothing at all.

Exemptions can be a two-edge sword, however. On one hand, liberal exemptions allow a debtor to recover financially giving rise to the label a "fresh start" law. On the other hand, liberal exemptions may encourage debtors who might otherwise work out their financial problems to take the easier and less painful road, that of declaring bankruptcy. The fact that anyone can file bankruptcy coupled with the fact that there are no specific guidelines to determine need, such as income or income debt ratios, bankruptcy does appear to be an appealing solution to many debtors. In a study done by Brimmer and Company, half the respondents who filed bankruptcy had not sought credit counseling services before filing bankruptcy even when the services were available (5). The Brimmer study does not indicate if the debtors were aware of the services, however.

Creditor groups in approximately 32 states have been instrumental in reestablishing state exemptions to take precedence over federal exemptions. The success of this effort is due in part to the staggering financial losses suffered by creditors (7). While losses due to bankruptcies formerly hit hardest on small businesses and debtors themselves, in 1980, creditor losses were conservatively estimated at three billion dollars, and 1981, six billion dollars and affecting a broad range of creditors (9).

Readopting state exemptions per se has serious drawbacks. If state exemptions are not updated they are often inadequate, inappropriate and provide little relief for the debtor. The uniformity of exemptions so sought after by the designers of the code will also be lost.

The Need for Control on Creditor Reaffirmation, Repossession and Stronghold on Secured Debt

The need for control on creditor reaffirmation, repossession, and stronghold creditors had on secured debts were areas cited by both the Menlo Park and Brookings study as highly abused under the old law and important due to consumer vulnerability in these areas. The new code addresses these areas and provides consumer protection.

Reaffirmation, an agreement by the debtor to pay a debt which otherwise would be unenforceable because of the bankruptcy, is not valid under the 1978 code unless made before the discharge hearing and approved by the bankruptcy court. Even if the court approves a reaffirmation, the debtor has the right to cancel within 30 days after court approval. If it is not canceled, the reaffirmation becomes fully binding and can be collected like any other debt. The provisions regarding reaffirmation have been stringently enforced by the courts as a necessary consumer protection, drawing complaints from creditors that courts will not allow consumers to reaffirm debt obligations. One change creditors would like to see is abolishing the court approval of reaffirmation while retaining a 30 or 60-day cancelation period.

After the bankruptcy discharge hearing, a creditor may make no attempt whatever to collect a discharged debt from the debtor, unless it was validly reaffirmed. However, this does not prevent the creditor from reporting the loss to a credit reporting agency in addition to the bankruptcy notation. In Ch. 7, Straight Bankruptcy, the discharge of a debt does not prevent the creditor collecting from co-signers, unless the co-signer has also filed bankruptcy. A reaffirmation would definitely benefit a co-signer, although not always the debtor. In the case where the co-signer is the debtor's wife, she may be protected from collection of the debt by state law.

Once the bankruptcy petition has been filed, repossession is no longer possible as a creditor right. In some cases, repossession can be used to pay the non-exempt portion of an item. As a response to this provision, many lenders are requiring all loans be attached to collateral. This practice will limit credit availability to wide segments of society particularly the young and lower income borrower (11).

Creditors question whether the new law tips the scale too far in the direction of the consumer, upsetting the delicate balance between consumer and creditor rights and responsibilities. Other bankruptcy experts would argue that the initial period of the new law yields insufficient evidence due to the poor economic climate.

The Need to Establish an Equitable Repayment Program for Debtors

Chapter 13, the Wage Earner Plan, under the 1938 law was narrow in scope and little used. Both the Menlo Park and Brookings study recommended strengthening that aspect of the law in order to allow consumers to repay all or part of their debts under a court supervised plan. Many bankruptcy attorneys now regard Ch. 13, the Debtor Rehabilitation Proceeding, as the essence of the law applicable to a wide range of consumers.

Chapter 13 is available to anyone who has regular income if they have unsecured debts of less than $100,000 and secured debts of less than $350,000. Debtors are allowed to keep all or most of their property. A portion of the debtor's paycheck is turned over to the court and then disbursed to creditors according to a Plan filed by the debtor.

The key element of a Ch. 13 proceeding is the Plan. The debtor's obligations are classified as secured and unsecured. With respect to secured claims, the plan must provide for either (1) the secured claim as part of the plan, or (2) the surrender of the collateral to the secured party. Debtors whose income is insufficient to repay their obligations within the usual 3 to 5 year period of the Plan can offer a composition plan, a proposal to pay a percentage of the unsecured debts (12). Creditors with secured claims may accept a Plan which provides for less but are not obligated to do so. In the case of unsecured claims (credit cards, signature loans) creditors will for the most part have to accept what they can get. Many bankruptcy courts set, by practice, minimum amounts acceptable, some as low as 1%. In Michigan, for example, unsecured creditors generally receive no less than 25% of the amount owed.

If the debtor completes the Plan as agreed, the balance of the debts involved are discharged. If the debtor makes a good faith effort, paying 70% of debts, but falls short of the plan, the court may grant a discharge of all debts. If the debtor does not complete the Plan as agreed, the Court may permit a modification of the Plan, or it may grant a "hardship discharge" if the debtor has made a good faith effort and creditors have received at least as much as they would have in a liquidation proceeding. Once the debtor has completed the Plan as agreed, the debtor is entitled to keep all property and will receive a discharge that is even broader than under straight bankruptcy. In addition, such a debtor does not need to wait six years before seeking relief again under the 1979 law, either to file straight bankruptcy, Ch. 7, or another Ch. 13.

From the creditor's perspective, there are several problems with Ch. 13 including the inability of creditors to approach co-signers of loans while a Ch. 13 Plan is in effect, the lack of a legal definition of a "good faith" plan (this is currently tied up in litigation), and the lack of preference payment given to secured creditors. The last item refers to the fact that the same percentage of payment is made to all secured creditors regardless of the amount of the outstanding obligation.

Although generally in favor of Ch. 13 as a solution for severe debt situations, consumer advocates would opt for more counseling and educational assistance to be given debtors expected to live on a restrictive budget. As it stands now, the attorney's responsibility ends when the Plan is filed leaving debtors to simply "make do" as best they can.

Debts Paid Out of Future Income

Establishing a repayment program for Ch. 7, Straight Bankruptcy has been a concern inherent in bankruptcy discussions. The creditor argument is in essence that credit is granted on future income, therefore, debtors who receive reasonable relief from debts through bankruptcy should pay a portion of debts out of future income (10). The question of capability arises here and is spotlighted due to the characteristics of the new debtor.

In the Brimmer study 1,300 bankrupt respondents illustrated that bankrupts are young -- 57% are 34 years old or less -- and better educated than the average. A significantly large portion of the bankrupts had attended high school or college. Slightly more than half were blue collar workers (6). The study done at the Credit Research Center at Purdue University on bankrupt consumers found that 72% of the males who declared bankruptcy held full time jobs. The conclusion these researchers are making is that a significant number of debtors (as high as 40%) are debtors who could pay debts out of future income. The reasons why a person filed bankruptcy has not been carefully analyzed. Inability to repay debts may be due to personal crisis situations such as divorce, separation, serious illness, death or substantial reduction in income. It would appear that discussion of modifications in the law should take into account these elements.

The Power of the Credit Record

One aspect of bankruptcy often overlooked by creditors is the lasting effect of bankruptcy on the credit record. Although creditors cannot discriminate from one bankrupt consumer to another, they can tighten their credit granting criteria, thus eliminating persons who have gone bankrupt from receiving future credit.

Consumers contemplating bankruptcy rarely consider the consequences of this action and, unfortunately, are not always informed by their bankruptcy attorneys. The fact that a person filed bankruptcy will stay on the credit record for ten years in most states and will be reported to anyone who has legitimate access to the credit record.

According to the Fair Credit Reporting Act, the fact that a person has filed bankruptcy can be given out forever in certain situations such as:

- applying for a job paying over $20,000
- applying for life insurance with a face value over $50,000
- applying for a mortgage or other loan over $50,000

Although consumers may have in the short run, a sense of relief in being rid of debts and creditor calls, in the long run it could mean the inability to obtain valued goals of houses or cars through use of credit.

The real significance of the credit record report for the bankrupt consumer will be determined by creditor action. As long as consumers are convinced, as they are now, that bankruptcy has little effect on a person's ability to get future credit, the credit record will not be a deterent to those considering filing. As long as creditors loosen up on credit granting practices for bankrupt consumers during good years, the record will have little impact. Used responsibly by consumer and creditor, the credit record has the potential for discouraging bankruptcies that may have alternative solutions.

The Need to Establish Education and Rehabilitative Counseling for Debtors

The need for education and rehabilitative counseling for debtors was stressed in both the Brookings Institution and Menlo Park studies. Although progress has been made toward achieving the other four needs discussed in this paper, virtually no progress has been made toward this goal nor do creditors seem to see this as a solution to present and future bankruptcies. In Ch. 7 Straight Bankruptcy, no effort is made toward education or counseling during or after the discharge. It would appear that debtors filing Ch. 13 would receive counseling. However, other than setting up a budget or plan required by the law, attorneys rarely give rehabilitative counseling beyond addressing the immediate legal concerns.

Both the Brimmer study and the earlier Brookings study cite job loss, divorce, credit overextension and inflation as causes for bankruptcy. Both studies stress, however, the single most over all cause is the inability of consumers to handle debt. Although the new code has not been in effect long enough to determine its lasting impact, it would appear that because of the latter reason conversion from Ch. 13 to Straight Bankruptcy plus repeated filing of bankruptcy every 6 years might be anticipated.

In a recent review of its records, Credit Counseling Centers, Inc. of Michigan noted that during the past two years of high bankruptcy rates, the referrals from creditor groups had not changed with one notable exception, banks. Although most creditors in the state support the non-profit Credit Counseling Center services, the banks in the Detroit metropolitan area also support a supplemental educational program. Through this program banks receive financial crisis information that, in some cases, led to the formation of a counseling effort with bank customers that appeared to be experiencing financial difficulty. The largest bank reported counseling with 600 of its customers within a six-month period while also increasing their referrals to Credit Counseling Centers.

Whether tied to a community credit counseling service or attached to the bankruptcy process itself, money management education and rehabilitation appear to be a necessary component to a liberalized bankruptcy law. Without it, a cyclical pattern of bankruptcy may be inevitable. And without it, tighter bankruptcy laws may reduce the incidence of bankruptcy, but not solve the problem.

Summary

The new bankruptcy code goes a long way in addressing five areas of concern expressed by the Brookings and Menlo Park studies with the exception of the last need, that of rehabilitative counseling and education. However changes in the law coupled with poor economic times have encouraged increased filings causing high dollar losses for creditors. This has led to recommendations for reforms in the law.

The law does appear to be a consumer solution for severe and some not so severe debt situations, but misuse may be endangering these benefits. Misuse of the law could be discouraged by attorneys and creditors offering alternative solutions to bankruptcy and stressing the detrimental effect of bankruptcy on the credit record. Trustees of the court can also discourage misuse of the law by cautious interpretation of the law. Care needs to be exercised that proposed reforms do not negate the positive benefits from the code, keeping in mind the purpose and need for bankruptcy legislation in the first place.

References

1. Administrative Office of the United States Courts. U.S. Bankruptcy Court Proceedings. June, 1981.

2. Bankruptcy Reform Act of 1978. P. L. 95-598 Commerce Clearing House, Inc. 1980.

3. "Bankruptcy Reform" Family Economic Review (Summer/Fall, 1980), 37-38.

4. Battey, Phil. "Tougher Rules on Bankruptcy Are Sought." American Banker (Dec. 29, 1980).

5. Brimmer, Andrew F. "Economic Implications of Personal Bankruptcies" Quarterly Report (Sept., 1981), 189-191.

6. Brimmer, Andrew F. "Public Policy and Economic Implications of Personal Bankruptcies." Credit World (June/July, 1981), 8-10.

7. Cocheo, Steve. "Bankruptcy Filings To Go Through The Roof." ABA Banking Journal (August, 1980), 48-53.

8. Enger, Selwyn, Brigard, Raul de, Lozar Frederick. Some Considerations Concerning Bankruptcy Reform (Institute for the Future. March, 1971).

9. Norton, Robert E. "Bankruptcy Revision Sharply Lowered Bank Earnings." American Banker. (March 23, 1981).

10. Record Statement of Claude Rice, Esq., Alvin O. Wiese, Jr., Esq., and Professor Jonathon M. Landers, "On Problems of Consumer Creditors Under The Bankruptcy Reform Act." Quarterly Report (June, 1981), 158-172.

11. Sennott, Frank. "Bankruptcy Abuse Jeopardizes Consumer Credit Privileges." American Banker (March 23, 1981).

12. Somer, Harry. "The New Law of Bankruptcy: A Fresh Start for Legal Services Lawyers." Clearing House Review (May, 1979), 1-12.

13. Stanley, David T. and Girth, Marjorie. Bankruptcy: Problems, Process, Reform (The Brooking Institution, 1971).

"Is Whole Life Insurance A Viable Consumer Product?"

by

Dale R. Gustafson
Vice President and Actuary
The Northwestern Mutual Life Insurance Company

Change is all about us. The volatile and uncertain economic circumstances that surround us raise doubts about almost everything. In such circumstances, there are always opportunists who attempt to take short term advantage of uncertainties. The life insurance business is no exception to these general characteristics.

Let me insert three fairly simple definitions at this point. Nonparticipating whole life features a level premium and a level death benefit, both guaranteed for life: very simple, easy to understand, nothing changes, no options, except to stop paying premiums. In that case there are guaranteed cash values and paid-up insurance benefits, the size of which depends on how long premiums have been paid. Participating whole life is quite similar in concept, except the level premium is higher, in return for which the company returns to the policy-holder the earnings it receives derived from the difference between the company's actual mortality, expense and investment experience, and the guaranteed level for those three factors contained in the policy. These returns are called dividends and can be used by the policyholder in several ways, about which I will say more in a few moments. These are the basic standbys of the past and the present. Of course, there are many variations in the marketplace.

The new kid on the block is Universal Life. It, too, has some variations, but is basically a combination of term insurance and an accumulation account of some kind. Typically, the total death benefit is either a fixed, level amount, including the value of the accumulation account, or a specific amount such as $10,000, in addition to the value of the accumulation account. Premiums are expected to be level, but the policyholder is quite free to increase, decrease or cease deposits into the accumulation account. The term insurance is paid for out of premiums, or the accumulation account, so long as either is sufficient to pay the then due charge. I'll say a little more about Universal Life also a little later.

For the past several years there has been a mounting chorus of attack on the past. Mr. MacDonald's company, the ITT Life Insurance Company, is only one of many engaged in this cacophony of sound. However, it is quite typical, so I will, for the most part, use ITT Life and its statements as typical of what is going on.

"Whole life no longer makes sense", "your whole life policy . . . yields a miserably poor return . . .", "whole life insurance is outdated, overrated and ill-fated . . .", "we have completely

rated and ill-fated . . .", "we have completely
stopped selling whole life insurance", ". . . replace your whole life policy . . ." These are quotations from ITT Life's advertising.

I understand that Mr. MacDonald is in a uniquely good position to know that the traditional nonparticipating products issued by his company are not providing fair value. However, his generalization that the whole life insurance products issued by my company, and other fine companies, are also not providing fair value, is unwarranted and irresponsible. To my knowledge, there has been no examination of my company's operations and practices by any representatives of ITT Life.

I would like to get at this subject from two different directions. First, I would like to make a few comments about what my company is doing today, both for new business and for our old policyholders. Then I would like to make some comments on certain key characteristics of the current marketplace for life insurance.

Traditional Products for New Business

The Northwestern Mutual introduced a new set of products on January first of this year. While encompassing more change than we have ever accomplished at one time before, these products are strictly in the traditional mold. Plain old-fashioned participating whole life insurance is there, among a great many other products as well. One of the key characteristics of the way we do business is that we treat all policyholders alike. One of the points that focuses on is that the investment earnings that are credited to policyholders are derived from our overall average portfolio. That is being roundly criticized by some today on the grounds that new policyholders are buying in to an established large portfolio that has an average yield substantially lower than current new money rates. More about that in a moment.

We have many new and exciting features in our policies. An example is a rider that is available under which the face amount and the premium of the policy will respond over the next ten years to changes in the Consumer Price Index, with some outside limits. We have a new, very low premium, level premium term insurance plan that by the application of a particular dividend option becomes paid-up life insurance at age 65 or at the end of 20 years, if later.

There is an old expression, "The proof of the pudding is in the eating." We are finding insurance buyers nationwide to be most receptive.

Sales are up over 30 percent for the first three months of this year, and new premiums are up 25 percent. The biggest seller? Old-fashioned participating whole life insurance.

During 1981 we paid over 20,000 death claims. The average policy duration at death was something like 34 years. We sell life insurance for the long pull. We have no trouble explaining the relationship between the long pull and the current short term emphasis. Our sales results exemplify that.

How Are Old Policyholders Faring?

How are old policyholders faring? A $10,000 whole life insurance policy issued to a male age 35 20 years ago cost about $250 a year. If the dividends on this policy were used to purchase paid-up additions, that is little bits of additional insurance, which most of our policyholders do, the face amount is $14,400 in 1982 and the 1982 dividend is over $300. In fact, the dividend has been larger than the premium for three years. One of the other key features of this 20 year old policy is that it has a 5 percent policy loan provision. Yes, that's right, the policyholder can borrow against the cash value at 5 percent. I am sure you are not surprised to learn that a great many policyholders have done so. And yet, we are crediting interest to the cash value on that policy, whether it is borrowed or not, at a rate significantly in excess of 5 percent. The policyholder borrows at 5 percent. The interest is tax deductible. If he is in a 50 percent tax bracket, it costs him 2 1/2 percent. Yet in the dividend we are crediting all of these policyholders something in excess of 5 percent. That is not taxable if the poilcy is held to maturity as a death claim. This is the bad deal, the dinosaur policy, that Mr. MacDonald and his company are urging all of our old policyholders to get rid of.

But wait a minute. In 1977 we offered most such policyholders an opportunity to amend the policy loan rate from 5 percent to 8 percent. What was in it for them? Significantly higher dividends. In 1980 we made an offer to all policyholders to change the underlying contractual reserve basis to make the policy more tax effective. What they got for this was an average 15 percent increase in insurance, without evidence of insurability or increase in premium, and also better value.

Now to go back to our $10,000 policy issued 20 years ago, if that individual accepted both of these offers, the 1982 face amount is about $18,500, over $4,000 more than for those who didn't accept either offer; the dividend is now over $360, $53 more. The average compound increase in the face amount of this policy over the past six years has been over 7 percent. We have always had the practice at Northwestern of offering new features to old policyholders, whenever it is possible. These offers remain open.

We are now hard at work at a new UPDATE offer in order to bring some more new ideas to our older policyholders. The details haven't been finalized yet, they will be within the next few weeks. Again, the purpose will be to offer new, more value-producing features to our old policyholders.

For those of you who may be into the more technical analysis of insurance products, with our new UPDATE offer, the internal rate of return on an old policy, as I have described it, will be something on the order of 9 percent or more. Remember, if the policy is held until death, that is an after-tax rate. We don't think that's too shabby a deal that is available to all of our two million old policies. Again, these are the old dinosaurs that Mr. MacDonald and others like him are loudly proclaiming everybody should dump in order to buy the new whizbang. You should also remember that the high interest rates advertised for Universal Life are not internal rates of return, which are lower.

What is the point of all this? Traditional participating life insurance need not be, and in fact is not, outmoded. It has been getting a bum rap. Surely there are life insurance policies out there that are not being updated and kept up to date. However, I can just as surely testify to you that we at Northwestern are not alone in our commitment to providing top value over the long pull to all policyholders. Quite a number of other companies are in the process of implementing programs similar to ours.

Key Features in the Current Marketing Scene

Now I would like to talk for a few minutes about three key features of the current marketing scene for life insurance; interest rates, flexibility, and finally a little bit about the replacement of inforce insurance policies.

Interest Rates and the Economic Environment

Typically, the new products we are seeing today (most prominently Universal Life like ITT's) focus on high current interest rates. The idea is simple. Start anew, either by using a special sophisticated investment year method of allocating investment returns, or by simply being a new company. Some companies use a middle ground, that is, they don't form a new company, or even use an investment year method; they simply draw a line and block off all old business and start afresh with a new product. In the past two years the investments under these products have significantly emphasized short term investments. In a number of recent months, we have had what the investment people call an inverse yield curve; that is, short term investment returns exceed long-term investment returns. This is a phenomenon that we have seen very little of during this century.

Next, sales illustrations for very long periods are compared directly--without explanation--to the illustrations prepared for traditional products like ours which use an overall average portfolio investment rate. If you will think about it a moment, you will realize that the new product illustration implies the indefinite continuation of current high yields. On the other hand, the traditional product illustration implicitly assumes that new investments will be made in the future at the current average portfolio rate. In these times of rather large volatility in investment rates, the current differences between new money rates and average portfolio rates can be quite large. You must keep in mind that neither of these sales illustration techniques constitute best estimate projections of what future results may actually be. No, they are simply mathematical iterations of whatever the current experience is. But, as you can see in the situations I have just described, it is certainly an apples to oranges comparison. If new investments continue to bring the current level of yields, overall portfolio rates will catch up within just a matter of a few years, because, of course, our new money investments are also being made at high yields.

In short, failure to explain these fundamentally different interest assumptions in the respective sales illustrations encourages consumers to base important financial decisions on inadequate and inherently misleading comparisons.

Flexibility

The flexibility of Universal Life is often contrasted with the inflexibility of traditional products. This is implied wrong. Universal Life, while flexible regarding the addition, reduction or cessation of payments to the investment fund, is remarkably inflexible with regard to actual death protection. Traditional participating life insurance products, such as whole life insurance, while less flexible in changing the relationship between risk and accumulation, are remarkably flexible overall--because of dividend options and other policy features.

One example will suffice. Today, a $100,000 face amount traditional participating whole life policy issued by my company to a male age 25 years will cost him $1,164 a year, if he is in good health and doesn't smoke. The face amount of that policy will increase by age 65 under our current dividend scale to something between $100,000 and $500,000, depending on how the policyholder chooses to use his dividends each year. If new investments continue at today's level, the face amount at age 65 could range from $100,000 to almost $1,000,000. Now, you and I fully realize that if investment rates remain indefinitely at their current levels, one of the prices we will pay is an ongoing significant level of inflation. Quite frankly, we consider this an exceedingly unlikely scenario, but it is a way to make apples to apples comparisons. Going on, at age 65 under our whole life insurance policy, about 40 percent of the face amount is net amount at risk; thus, if the face amount is $1,000,000, the net amount at risk is $400,000. Remember, in the first year it was $100,000. For that growth in net death risk, most Universal Life contracts require frequent evidence of insurability and new front end expense loadings. Traditional participating whole life requires neither. So much for flexibility.

Federal Income Taxes

Currently, companies pay little or no federal income tax on these new products, either because the companies are brand new, or because they assume that no taxes will accrue under these new products in the future. Most traditional partiipating contracts are issued by companies whose current dividend scales are based on significant federal income tax levels. Unless such a wide disparity persists indefinitely--an unreasonable assumption--companies which issue the new products will find their actual results not looking as good as their illustrations as they pay their taxes. Maybe we might be comparing apples to apples in this area before long.

Summary of Current Marketplace

To summarize: the apparent sales illustration's superiority of these new products is based on illusion and apples to oranges comparisons. Their advantages are overemphasized and the favorable features of traditional products are under-emphasized and even denied. The two are compared unfairly.

Replacements

In spite of the apples to oranges aspects of the illustrations and marketing techniques currently in use, we have little or no difficulty explaining the virtues of our products to prospects for new sales. However, it is a somewhat different story with regard to some of our inforce policyholders, who may not have paid attention to their insurance recently and thus may not know how well it is performing. It is these people that can be relatively easily induced to make what we believe to be an invariably poor decision if they replace any of our inforce permanent insurance plans with one of the latest whizbangs.

It has always been appropriate to replace a policy when the new one will produce significantly better value. However, the extreme emphasis on replacements by companies who boldly identify all traditional policies as providing poor value is essentially destructive. It is providing a chapter in the history of life insurance which will not be viewed with pride by anyone. It is a bald and cynical exploitation of illusory appearances, which--at best--confuses consumers.

Summary Comments

These are uncertain and volatile economic times.

Will wide swings continue indefinitely, with each one reaching a higher peak? Will the volatility "plateau out" so that its peaks and valleys stay within the range of the past few years? Will we return to some semblance of stability? The traditional approach to life insurance will have increasing difficulty only if interest rates and inflation continue to escalate to successive new heights. But what segment of our society won't have increasing difficulty under those circumstances.

While the path to economic stability is far from clear, we have a growing awareness that we cannot and will not permit inflation and interest rates to continue their seemingly inexorable upward leaps. I am an optimist. I believe that the current short term expedience that characterizes much of the life insurance marketplace will wain. We will emerge a stronger, more flexible and more varied industry and continue to serve a wide variety of important consumer needs.

REGIONAL DIFFERENCES IN CONSUMERS' STATEMENTS ABOUT BEEF

Christine J. Hager, N.C. State University[1]

Abstract

Data from a USDA Consumer Survey of Attitudes and Preferences are used to analyze regional differences in stated use, changes in use, and attitudes about the use of beef. Regions differ in their income, education, and racial compositions. Regional differences exist within income, education, and racial groups for beef use and attitudes about use.

Introduction

This paper examines regional differences in beef use, changes in use, and attitudes about the use of beef. It also analyzes whether the regional differences in responses are associated with differences between specific sub-populations defined according to race, income, and education.

A survey conducted by the Economics and Statistics Service of the USDA in 1980 serves as the data base for this study. Data obtained include frequency of use of 37 specific foods, changes in uses of 22 specific foods in response to health concerns, and attitudes about foods and components of foods (fat, nitrites, vitamins, etc.). Since the majority of consumers use beef but do not produce it themselves, this analysis focuses on beef users who are also nonproducers. Beef is selected for study because the population of users is large and beef use is less responsive to climate and seasonal variations than many other products. Although relative prices of beef may vary among regions, price relationships are not considered directly in this paper.

Research Design and Procedures

Questions

The main question is whether regional patterns differ with regard to current household use of beef, recent changes in use for health or nutrition reasons, and attitudes about health aspects of beef. A second question is whether socioeconomic variables other than regional matter. For example, if the use of beef differs by region and by income group, are regional differences in beef use because the proportions of households in each income group differ by region and income influences purchases? Similarly, how does education affect changes in use and are education groups consistent in their stated behavior across regions? Attitudes and behavior may also differ between racial groups. Other differences in attitudes and/or behavior may also occur as a result of racial differences.

Therefore, the main concern of this paper is whether regional differences mask effects of other socioeconomic variables on attitudes and behavior. Regional differences may exist within sub-populations. However, region may emerge as a convenient summary variable for factors that are less easily identified such as cultural values concerning health and foods.

Sample Characteristics

The households represent a statistical sample of the population living in the contiguous 48 states and the District of Columbia. The weighted total number of households is 1,942. Each household received a calculated weight, based on demographic information. Sampling weights assigned to households adjust for differences in interview completion rates at various sites. Results presented in this paper refer to weighted data.

Excluding households that do not use beef and do not produce beef leaves a weighted sample of 1,849 households. This sample is the basis for the following analyses.

The households are unevenly distributed across regions with 27 or 28 percent in the Northeast (NE), North Central (NC) and South (S), but only 17 percent in the West (W) (Table 1). Regions

Table 1. Distribution of households by region and race, education, and income group.

Characteristic	Number of Households[2]	Region NE	NC	S	W	X^2
All households	1849	29%	28%	27%	17%	
Race						.01
White	1504	84	87	74	80	
Nonwhite	338	16	13	26	20	
Education						.01
Less than HS diploma	525	22	31	37	23	
High school graduate	667	43	39	31	29	
Some college	643	35	30	32	48	
Income						.01
Less than $10,000	439	24	27	36	31	
$10,000-14,900	285	19	19	20	17	
$15,000 & over	769	57	53	44	52	

[1]Graduate student in Department of Economics and Business. Research was conducted at Economic Research Service, USDA.

[2]The number of households may not add to 1849 for all characteristics because of missing values.

differ in their racial, income, and education distributions. The chi-square statistic indicates significant associations between region and each of the socioeconomic variables. The percent of nonwhites (Blacks and Hispanics) living in the South is larger than in the other regions. A larger percentage of college educated persons live in the West and a larger percentage of those with less than a high school degree live in the South. The South also has the largest proportion of households with incomes under $10,000. The Northeast has a larger proportion of higher income households than the other regions.

Results

Use Of Beef

More than two-thirds (70%) of the sample use beef more than once a week. Households in the North Central and Western regions are more likely to use beef more than once a week than households in the other two regions (Table 2).

Table 2. Frequency of use of beef by region and within income groups.

Variable	Number of Households	Region NE	NC	S	W	Total	X^2
Nonproducers	1849						.01
Once a week or less		35%	25%	34%	26%	30%	
More than once a week		65	75	66	74	70	
Income under $10,000	439	23	26	32	19	100	NS
Once a week or less		36	35	49	36	40	
More than once a week		63	65	51	64	60	
Income $10,000-14,900	285	28	28	28	16	100	NS
Once a week or less		40	23	11	26	33	
More than once a week		60	77	77	74	62	
Income $15,000 and over	769	30	29	22	18	100	NS
Once a week or less		27	17	25	20	22	
More than once a week		73	83	76	80	78	

The proportion of households using beef more than once a week increases as income increases. Sixty percent of low income households use beef more than once a week, but 78 percent of households with incomes $15,000 and over use beef more than once a week. The relationship, between region and use of beef within income groups is not significant, even at the 5 percent level.

Subdividing the population into racial groups does not alter the result for the entire sample; that is, region and use of beef are associated within racial groups (Appendix A). Whites and nonwhites in the North Central and Western regions are more likely to use beef more frequently than once a week. Nonwhites in the Northwest, in particular, are less likely to use beef more than once a week.

Differences among regions are less significant within education groups, particularly high school graduates. Households that use beef more than once a week are most likely to have some college education and be located in the North Central region. Households that are least likely to use beef more than once a week have less than a high school education and reside in the Northeast. Education, however, is associated with income. The results for income groups are more consistent than for education groups, supporting theories that beef use is more related to income than to education, race or region.

Decreased Use of Beef

Households also responded to questions about changes in use of food products because of health and/or nutrition concerns. They indicated whether they had changed their use of beef during the past three years because of these concerns. If they reported a change in use, they also indicated whether they had stopped using beef, were using the same kind or a different kind, and whether they were using less, more, or about the same amount over all types of beef. If they reported using a different type, they indicated the substitutions made. Beef substitutes included poultry, fish, vegetables, dry beans or seeds, and leaner beef. Only two percent said they are using more beef and less than two percent are using a different type. Therefore, this analysis examines only the decreases in use of beef compared to increased or unchanged use of beef.

A larger proportion of households in the West than in other regions decrease beef use, even though the Western households are more likely than households in other regions to use beef more than once a week. Education appears to be an important factor influencing changes in beef use (Table 3). College educated respondents in all regions are more likely than less educated respondents to report decreased use of beef. Respondents with some college education are more likely to say they decreased use of beef if they live in the West than in the other regions. This result may reflect a value judgment on the part of the better educated respondents that they should be decreasing use of beef rather than an indication of actual changes in their diets.

Table 3. Frequency of decrease in use of beef by region, education, and income group.

Decrease in Use	Number of Households	Region NE	NC	S	W	Total	X^2
All nonproducers	1849	29%	28%	27%	17%	100%	.01
No decrease		85	84	87	72	83	
Decrease		15	16	13	28	17	
Education							
Less than HS	525						NS
No decrease		94	90	92	85	91	
Decrease		6	10	8	15	9	
HS graduate	667						NS
No decrease		87	85	92	81	87	
Decrease		13	15	8	19	13	
Some College	613						.01
No decrease		77	77	78	61	73	
Decrease		23	23	22	39	27	
Income							
Less than $10,000	439					100	NS
No decrease		92	89	89	82	88	
Decrease		8	11	11	18	12	
$10,000-14,900	285					100	.01
No decrease		89	88	92	66	86	
Decrease		11	12	8	34	14	
$15,000 & over	769					100	.01
No decrease		81	78	80	65	77	
Decrease		19	22	20	35	23	

White households in the West are more likely than nonwhite households to say they decreased their use of beef. Among the whites, eighteen percent decreased use of beef, but about 30 percent of the white households in the West and only 13 percent of the white households in the South reported decreased beef usage. Among nonwhites, 13 percent of all households, 20 percent of Western households, 15 percent of Southern households, and only six percent of households in the North Central region decreased use. Although the proportion of nonwhite households that decreased use appears to differ by region, the association is not significant, possibly because actual numbers of nonwhites making changes is small, 43 overall and only four in the North Central region.

Income groups also differed from one another. The proportion of households decreasing use is larger for higher income groups. As incomes increase, more households in each region say they are decreasing use. Middle and high income households in the West are more likely to indicate decreased use of beef. Regional differences for the lower income group are not significant although the proportion of households in the West that decreased use is higher than in the other regions.

The West appears to differ from the other regions in willingness to decrease beef usage in response to health and nutrition concerns. Whether Western households actually do change their behavior and why is not clear. Western households are also more likely to use beef more than once a week.

Feelings About the Amount of Beef Eaten

Respondents feel they should eat a different amount of beef even though they have not changed their use. The first attitudinal question analyzed in this study is whether the main meal preparer in the household feels she eats too much, too little, or about the right amount of beef. The question combines assessments of how much beef is appropriate and how much is eaten. Respondents might have insufficient incomes to purchase desired amounts of beef and perceive deficiencies in iron or protein. On the other hand, respondents may feel the amounts of beef they do purchase, whatever that quantity, is too much, given attitudes about animal fat, cholesterol, calories, or other chemicals in beef.

The responses to the attitudinal question differ by region. About 67 percent of all respondents feel they eat about the right amount, with more people in the Northeast and fewer in the West reporting that answer. More Western respondents feel they should eat less and more Southern respondents feel they should eat more beef than did respondents in other regions.

This result seems, in part, to parallel racial distributions. Nonwhites, except those in the Northeast, indicate they should eat more beef. Nonwhites in the West feel they should eat more beef while whites in the West feel they should eat less beef than they usually eat (Table 4).

The ability to purchase what a respondent considers the appropriate amount of beef may influence whether she believes the amount eaten is too much, too little or about right. The results for the race groups may indicate perceived differences in needs for beef or abilities to purchase desired amounts. Nonwhites may purchase less than they feel they need while whites, typically with higher incomes, purchase more than health or nutrition concerns would indicate. Fewer whites, in all regions, feel they should eat more beef.

Regional differences are very slight within the higher income group. Slightly more respondents in the West still feel they should eat less beef.

Feelings about the amount of beef eaten also vary with education groups (Appendix B). Households with less than a high school education, particularly in the South and West, feel they should eat more beef. High school graduates in the Northeast and North Central regions feel they ought to eat less, while graduates in the South and West want more. College educated respondents, particularly in the West, feel they should eat less beef. Other college educated respondents are most likely to be satisfied with their use of beef.

Table 4. Distribution of feelings about the amount of beef eaten by region and race.

Variable	Number of Households	Region NE	NC	S	W	Total	X^2
All nonproducers	1793	29%	28%	26%	17%	100%	.01
Eat more		6	14	18	12	12	
Eat less		21	20	18	26	21	
About right		73	66	64	62	67	
Race							
Whites	1468	29	30	24	17	100	.01
Eat more		5	12	15	7	10	
Eat less		22	21	17	28	22	
About right		73	67	68	65	68	
Nonwhites	318	25	20	36	18	100	.05
Eat more		13	28	29	33	26	
Eat less		16	11	17	19	16	
About right		72	61	53	48	58	
Income							
Under $10,000	421	22	26	33	19	100	.01
Eat more		6	23	27	22	20	
Eat less		17	9	10	15	12	
About right		77	69	63	63	68	
$10,000-14,900	273	28	27	28	17	100	.05
Eat more		8	19	24	6	15	
Eat less		14	15	15	25	16	
About right		80	65	61	69	69	
$15,000 & over	757	31	28	22	19	100	NS
Eat more		6	8	9	4	7	
Eat less		26	27	25	31	27	
About right		68	65	66	65	66	

There are numerous possible reasons for these results. The ability to purchase the desired amount of beef may influence the perception of the respondent about the amount eaten. Preferences for beef, nutrition, and health information about beef, and personal physical needs for protein, iron, and fat may affect evaluations of diets. This study does not attempt to analyze which changing attitudes about beef are more influential, what amounts of beef are consumed, or whether attitudes or abilities to purchase beef are more important. It is possible to conclude that regional differences exist mainly because attitudes, education, and income do seem to differ by region.

Attitudes

Another set of questions in the survey concerned evaluations of the healthfulness of fat and animal fat (Table 5). Most households agree that eating some fat is necessary for good health and that eating less animal fat can reduce the risk of heart problems.

Table 5. Distribution of responses of attitudinal questions by region.

Question	Number of Respondents	NE	NC	S	W	Total	X^2
"Eating some fat is necessary for good health"	1697	29%	28%	26%	17%	100%	NS
Agree		80	80	74	76	78	
Disagree		20	20	26	24	22	
"Eating less animal fat can reduce the risk of heart disease"	1548	29	29	25	17	100	NS
Agree		91	88	93	91	91	
Disagree		9	12	7	9	9	

Attitudes about fat and animal fat do not differ by region for the sample as a whole. Previous analysis indicated that regional differences do appear when don't know and no opinion responses are included (Appendix C). Respondents in the South are more likely to have no opinion.

Respondents are more likely to agree that some fat is necessary for good health. More agree as their education and income levels increase (Table 6, Appendix D).

Table 6. Opinions about the statement, "Eating some fat is necessary for good health" by region and education group.

Variable	Number of Respondents	Region NE	NC	S	W	Total	X^2
Education							
Less than HS	464	22%	32%	32%	14%	100%	.01
Agree		71	81	70	60	73	
Disagree		29	19	30	40	27	
HS graduate	620	34	30	22	14	100	.05
Agree		80	78	71	87	78	
Disagree		20	22	29	13	22	
College	602	29	24	24	23	100	NS
Agree		84	83	81	77	81	
Disagree		16	17	19	23	19	

A higher proportion of whites than nonwhites agree, perhaps because education and income levels of whites are higher than those of nonwhites. The groups for which regional differences do appear are the nonwhites, high school graduates, and respondents with less than a high school degree. Nonwhites and the less educated respondents in the West are more likely to disagree while high school graduates in the West are more likely to agree than those in other regions.

Education also appears to affect opinions about the relationship of animal fat and the risk of health problems. The percentage of respondents that agree increases as education increases, although most respondents agree (Appendix E). Region seems to have little effect. Region also has little or no relationship to responses within income groups. Whites, however, do differ in their responses depending upon their region while nonwhites do not. Whites in the North Central region are more likely to disagree with the statement. The percentage of the whites in the North Central region who agree, 88 percent, is similar to the distribution for the less educated and lower income groups.

The apparent inconsistency may indicate region-income-education-race interactions. The result that regional differences in attitudes are not observed for all education and income groups indicates an interrelationship among attitudes and socioeconomic variables other than region.

This study of regional differences in use, changes in use and attitudes about use of beef indicates that race, education, income and region are interrelated in an intricate fashion. Region may be a convenient variable for summarizing other socioeconomic characteristics and may capture other variations in information and cultural orientation.

The South and the West are the regions where most of the differences appear. The South also differs from other regions in income, education, and racial composition. Households in the West are more likely to have some college education than other regions. They are also more likely to use more beef, to decrease use of beef, and to feel they should eat less beef.

The information in this Consumer Survey could be useful in planning education campaigns within regions intended to change food use patterns or increase knowledge about health, nutrition, and food choices. Producers of beef could also use results presented in this paper as an indication of future demand for beef. It appears, for example, if more purchasing power becomes available to Southern households, more beef will be purchased. Western households, on the other hand, are more likely to decrease use in response to health and nutrition concerns.

Regional differences do seem to persist for some variables within racial, education, and income groups. Region may serve as an identifiable categorical variable for research, production, and information purposes. However, the interrelationships among socioeconomic variables within regions continue to raise questions about which groups are likely to respond to health information and how they are likely to change their behavior or attitudes.

Appendix

Appendix A. Frequency of use of beef by region and within education and racial groups.

Variable	Number	Region NE	NC	S	W	Total	X^2
Education							
Less than HS	529						.05
Once a week or less		45%	30%	42%	35%	38%	
More than once a week		55	70	58	65	62	
HS Graduate	667						NS
Once a week or less		30	24	30	26	27	
More than once a week		70	76	70	74	73	
Some College	643						.05
Once a week or less		35	21	29	23	27	
More than once a week		65	79	71	77	73	
Race							
Whites	1504						.05
Once a week or less		31	24	33	25	28	
More than once a week		69	76	67	75	72	
Nonwhites	338						.01
Once a week or less		57	31	38	32	40	
More than once a week		43	69	62	68	60	

Appendix B. Distribution of feelings about the amount of beef eaten by region and within education group.

Variable	Number	Region NE	NC	S	W	Total	X^2
Education							
Less than HS	509						.01
Eat more		10%	19%	31%	27%	22%	
Eat less		10	9	10	22	12	
About right		80	72	59	51	66	
HS graduate	649						.05
Eat more		7	12	15	10	11	
Eat less		22	24	13	14	20	
About right		71	64	72	75	70	
Some college	626						.05
Eat more		3	11	6	6	16	
Eat less		26	25	30	35	29	
About right		71	64	64	59	65	

Appendix C. Distribution of responses to attitudinal questions by region, including don't know and no opinion responses.

Question	Number	Region NE	NC	S	W	Total	X^2
"Eating some fat is necessary for good health"	1849	29%	28%	26%	17%	100%	.01
Agree		73	76	65	71	71	
Disagree		19	18	23	22	20	
Don't know/ no opinion		8	6	12	7	9	
"Eating less animal fat can reduce the risk of heart disease"	1849	29	28	26	17	100	.01
Agree		76	78	75	76	76	
Disagree		7	10	5	7	8	
Don't know/ no opinion		17	12	20	16	16	

Appendix D. Opinions about the statement, "Eating some fat is necessary for good health" by region and within income and racial groups.

Variable	Number	Region NE	NC	S	W	Total	X^2
All respondents	1697	29%	28%	26%	17%	100%	NS
Agree		80	80	74	76	78	
Disagree		20	20	26	24	22	
Income							
Under $10,000	408					100	NS
Agree		80	80	67	69	74	
disagree		20	20	33	31	26	
$10,000-14,900	260					100	NS
Agree		76	83	76	73	77	
Disagree		24	17	24	27	23	
$15,000 & over	717					100	NS
Agree		83	82	81	86	83	
Disagree		17	18	19	14	17	
Race							
Nonwhites	288					100	.01
Agree		79	78	67	54	70	
Disagree		21	22	33	26	30	
Whites	1404					100	NS
Agree		80	81	76	81	79	
Disagree		20	19	24	19	21	

Appendix E. Opinions about the statement, "Eating less animal fat can reduce the risk of heart disease," by region and within income and education groups.

Variable	Number	Region NE	NC	S	W	Total	X^2
All respondents	1548	29%	29%	25%	17%	100%	NS
Agree		91	88	93	91	91	
Disagree		9	12	7	9	9	
Education							
Less than HS	412					100	NS
Agree		95	84	89	85	88	
Disagree		5	16	11	15	12	
HS graduate	556					100	NS
Agree		88	91	93	92	91	
Disagree		12	9	7	8	9	
Some college	574					100	NS
Agree		94	88	98	93	94	
Disagree		6	12	2	7	6	
Income							
Less than $10,000	364					100	.05
Agree		94	82	93	86	89	
Disagree		6	18	7	14	11	
$10,000-14,900	250					100	NS
Agree		92	90	94	90	92	
Disagree		8	10	6	10	8	
$15,000 & over	657					100	NS
Agree		88	93	94	94	92	
Disagree		12	7	6	6	8	
Race							
Nonwhites	261					100	NS
Agree		85	90	91	82	87	
Disagree		15	10	9	18	13	
Whites	1282					100	.01
Agree		93	88	95	94	92	
Disagree		7	12	5	6	8	

AN ASSESSMENT OF CONSUMER EDUCATION IN OKLAHOMA SECONDARY SCHOOLS AND THE IMPACT OF THE ECONOMIC EDUCATION ACT OF 1974

Evelyn L. Hearn, Southwest Texas State University[1]
William L. Johnston, Oklahoma State University[2]

Abstract

The scope and design of consumer education programs in Oklahoma secondary schools was investigated to assess the present status of the program and to determine the effect of the Oklahoma Economic Education Act. The survey instrument used the consumer education concepts of the Trujillo model. Data collection was done by telephone interview with a 98% response rate. The data was analyzed using the analysis of variance procedure as well as frequencies and percentages. Results indicated a variation in the type of program in relation to the size of school and the geographic location. The Oklahoma Economic Education Act of 1974 had minimal effect on the consumer education program. Overall, the consumer education program in Oklahoma secondary schools is broad and multidisciplinary in focus.

Consumer education presently enjoys a position of relative importance in the curricula of secondary schools in the United States. This has not always been so. There is sufficient evidence to indicate that the growth of consumer education in the schools has paralleled the economic, social, and political courses of society as experienced in the ebb and flow of consumerism and the consumer movement over the past 50 years.

Although consumer education courses could be found in the schools as early as the 1930's, state mandated consumer education programs did not appear until 1967. In that year, Illinois passed legislation which required students in grades 8 through 12 to study courses which included instruction in purchasing, budgeting, and comparison shopping. This legislation and the subsequently developed program has served as a model for other states. (19)

In 1979 the Education Commission of the States published the results of a study of consumer education programs in all United States and territories. This report stated:

> By 1978, 38 states and territories reported a specific policy in consumer education. This was double the number of states reporting policy direction in 1973. Thirty-six states have specific policy statements that are related to some aspect of consumer education. Two states have implied policies; i.e., they are part of a state competency program. (19, pg. 9)

In 1974 the Oklahoma legislature enacted the "Oklahoma Economic Education Act of 1974" which mandated a program for all students in grades K-12 to be administered by the State Board of Education. This act required that all elementary and secondary teachers "teach a positive understanding of the American economy, how it functions and how individuals can function effectively within our economy". (10) In addition, this act delineates content of economic education to include "citizenship competencies needed by the individual for effectively performing his decision making roles as a consumer, a worker making career choices, and a voter on personal and societal economic issues." (10) Implementation of the act was to be completed by May 1979.

At any stage of the development of an effective consumer education program, there is a need for assessment of its status. This permits the school administrators, curriculum developers, and teachers an opportunity to evaluate the overall program as well as to adjust future plans to meet the needs and objectives of the students and the program. Most of the more recent studies in consumer education have investigated student competencies. However, three studies have assessed attitudes and opionions of secondary teachers on consumer education as a means of program assessment.

In her study titled "Attitudes of Kentucky Secondary Teachers Toward Consumer Issues and Emphasis Given These Issues," R.M. Davis (6) surveyed teachers from four disciplines to determine their attitudes toward consumer issues and to assess their appraisal of emphasis given these issues in program objectives. The findings revealed a significant difference among the discipline groups of business and office occupations, social studies, home economics, and distributive education in both attitudes toward consumer issues and emphasis on consumer issues.

Another study, "Kentucky Teacher Ratings of Importance and Emphasis for Consumer Education Topics," by J.A. Swope (13) assessed the status of secondary consumer education in Kentucky in the areas of home economics and business, as well as a comparison of the topics or concepts deemed most important by the teachers. The third study which incorporated teacher opinions as a means of secondary program assessment was "Consumer Education in Wisconsin Public Secondary Schools and Universities and a Comparison of Opinions Held by Wisconsin Secondary School and University Teachers Toward Selected Consumer Education Issues," by

[1]Assistant Professor, Department of Home Economics

[2]Director, Center for Consumer Services

P.J. Quinn. This research assessed the status of consumer education in the Wisconsin secondary schools in relation to the state mandate.

Even though consumer education is recognized as an important educational element by most educators, the purposes of consumer education are not universally agreed upon. The curriculum content of consumer education is usually determined locally in accordance with the particular interests and purposes of the persons who are charged with the responsibility of developing, implementing, and delivering the programs in the schools. Probably the most visible controversy concerning curriculum content has been the divergent views of the champions of consumer education and those who believe that economic education is the answer to consumer problems. This divergence of views was treated with great sophistication by Dr. Trujillo in her comparative analysis of consumer and economic education. (15) By using a panel of experts and the Delphi research technique, she identified educational concepts which were consumer education concepts, those which were economic education concepts, and those which interface with both consumer and economic education. The conclusions of the study stated:

> Efforts to delineate the parameters of economic education and consumer education yielded a model which indicates the concepts appropriate to each of those subjects individually. The model also identifies concepts which are common to both subjects and therefore represent the interface. The model...perceives a strong common theoretical base to both subjects at the K-12 level, to which consumer education adds individual consumer applications and economic education adds producer and worker applications. (15)

This Trujillo model sets the stage for this study.

This study was designed to assess the present status of consumer education programs in Oklahoma secondary schools, and to determine what effect the Oklahoma Economic Education Act of 1974 has had on the development of these programs. The scope and design of the existing programs was assessed quantatively and analyzed in relation to school size and geographic location. Because of the interrelatedness of economic education and consumer education as depicted by the Trujillo model, the consumer education program assessment is justified.

This study gathered information concerning the existing consumer education programs in Oklahoma secondary schools. Programs were assessed quantatively according to the number of concepts/topics included in the instructional program as well as the subject matter areas in which they were included. The data was analyzed in relation to the specified variables. The effect of the Oklahoma Economic Education Act of 1974 was evaluated to determine its impact on the consumer education programs in selected Oklahoma secondary schools.

Population and Sample Plan

The population for this study was the 492 Oklahoma secondary schools which were stratified two ways: (1) by rural or urban geographical location, and (2) by school size. A sample size of 12 percent was determined by a statistician as practical and relevant. This translated into a sample size of 58 schools. Because the population of Oklahoma is half rural and half urban, the sample was first divided equally between rural and urban populations using the Standard Metropolitan Statistical Areas (SMSA) definition. The state of Oklahoma has three SMSA areas: Oklahoma City, Tulsa, and Lawton. Schools located in these areas provided the urban segment and the remainder of the Oklahoma counties provided the rural segment.

The sample was further stratified by school size using the average daily membership (ADM) as the criteria. The four strata were: (A) over 1,000 ADM; (B) 999 ADM to 500 ADM; (C) 499 ADM to 100 ADM; and (D) Below 100 ADM. Each strata was given proportional allocation according to school size. Allocations were based on the number of schools in each of the strata in relation to the total number of schools in the sample. Following stratification, schools in each strata were randomly drawn according to size and geographic grouping.

Instrumentation

A questionnaire was developed which would meet the objectives of the study and at the same time be brief enough to be completed in a short period of time by busy school teachers and administrators. The brevity of the instrument was essential in decreasing the number of non-responses and refusals to participate in the study.

Concepts investigated were those from the Trujillo model which the review of literature indicated were most frequently included in previous studies, textbooks, and curriculum guides. The selected concepts included: Planning, Budgeting, Financial Record Keeping; Buymanship Skills; Advertising; Goals and Value Clarification; Borrowing and Credit; Insurance; Savings and Investments; Tax Planning; Decision-Making, and Consumer Rights and Responsibilities.

The instrument elicited the following information about each of the concepts: name of class(es) in which concept was taught; class grade level and number of students enrolled. This information was necessary to determine the extent of the consumer education programs in each school. Subject areas which included instruction in each of the selected topics were recorded and the percentage of students receiving instruction in each of the concepts was determined from the relationship of the number of students enrolled in the class and school's average daily attendance.

The last two columns of the instrument were designed to assess the impact of the Oklahoma Economic Education Act on consumer education programs. The headings of these two columns were: "Was the topic included as a result of the Economic Education Act?"

and "Was the topic expanded as a result of the Economic Education Act?" The analysis of this data determined the effect which legislation has had on consumer education in each school.

Data Collection

Following the selection of a random sample of schools to be surveyed, letters were sent to the superintendent of each of the 58 schools explaining the research project and requesting their participation. In addition, a copy of a letter of verification and support from Dr. Leslie Fisher, Superintendent, Oklahoma State Department of Education, was enclosed. Each superintendent was asked to identify, on an enclosed form, the name of the person/persons most informed about the consumer education programs in their school. They were also asked to suggest a convenient time for contacting these people by telephone. All 58 superintendents responded positively to the requests by providing the information requested.

Persons identified were mailed a letter of explanation and a copy of the survey instrument. The letter specified a date and time when the telephone contact would be initiated by the researcher to obtain the data requested in the instrument. A variety of personnel was contacted including: superintendents, principals, business teachers, home economics teachers, social studies teachers and career/guidance teachers.

Telephone interviews were scheduled and conducted. The researcher requested only the information on the instrument using a copy of the instrument to record the data. The interviews averaged approximately eight minutes in length and were conducted over a two week period. Of the sample of 58 schools, a total of 57 schools responded, giving a 98 percent response rate. One school in the Rural Size D strata did not participate.

The data was collected from the participating sample and the responses were tabulated. The procedures used to analyze the data were frequencies, percentages, means, the analysis of variance procedure and the multiple t test.

Scope and Design of Consumer Education Programs

The scope of consumer education programs was defined as the extent to which consumer education topics/concepts are included in regularly scheduled secondary school classes. The total frequency of consumer education topics/concepts being included in regularly scheduled classes was 4,484 in the 57 schools which composed the sample. It can be concluded that there exists a broad coverage of consumer education throughout the secondary school system of Oklahoma. It may be further concluded that consumer education in Oklahoma is a multidisciplinary educational effort which is addressed by a variety of teachers representing many traditional subject areas.

The consumer education concept reported being included in the largest number of classes was "Planning, Budgeting and Financial Record Keeping." "Borrowing and Credit" and "Buymanship Skills" were reported as second and third in frequency of coverage. The frequency of coverage was comparatively evenly spaced over the ten concepts with only a four percent difference between the most and least frequently listed concept.

In the stratification of the schools by geographic location, urban schools reported a total frequency of 2,558 concepts or 57 percent of the coverage, while the rural schools reported a frequency of 1,926 concepts or 43 percent of the coverage. Both rural and urban schools reported the same three topics as being most frequently included. These were: "Planning, Budgeting and Financial Record Keeping," "Borrowing and Credit," and "Buymanship Skills." The largest difference was found in the investigation of the frequencies by school size. The Size A schools (over 1,000 ADM) reported 11 percent of the total frequency of the consumer education concepts; Size B (999 to 500 ADM) reported four percent of the frequency; Size C (499 to 100 ADM) reported 54 percent; and Size D (below 100 ADM) reported 31 percent. This uneven distribution of the frequency reveals that Size C schools are addressing the topics most often, while Size B schools are including the topics less often than other schools.

In the schools with an average daily attendance of over 1,000 students (Size A), "Borrowing and Credit" was the most frequently covered topic, while "Goals and Value Clarification" was the least frequently reported. Schools in the other three categories of school size reported the topics in the same order as the overall frequency rankings.

The design of the program was defined as the organization of consumer education instruction in relation to grade level, subject matter areas, and the percentage of the students enrolled in classes. An investigation of the frequency of topics in relation to the grade level reveals that the largest coverage (62 percent) of consumer education topics exists at the 11th and 12th grade level. The remainder of the classes reported as including consumer education instruction were found to be divided between 10th and 9th grades in a ration of 25 percent and 12 percent, respectively. The rank order of percentages remained the same when rural and urban schools were investigated separately. This indicates that consumer education is included in the instructional program more in the junior and senior year rather than at the beginning of high school experience. Rankings in order of frequency of topics included in all four grades were similar with "Planning, Budgeting and Financial Record Keeping" listed most often at all grade levels. There was an even stronger similarity between the rankings of the 10th, 11th, and 12th grades.

Further interpretation of the data reveals that consumer education topics are most often included in classes which are in the home economics and business education curricula. Together, these disciplines represent 61 percent of the total topic coverage reported. A total of 16 subject areas reported coverage of specified topics. This