

# Debt Is Now At Record \$640 Billions With Private Borrowing In Van, \$4,000 Per Capita

One of today's major questions is whether the American people have been borrowing too much too fast. This question is attracting increasing attention as the result of the fact that the total of debt—government, business and individuals combined—showed another big increase to a record high in 1952, and is still going up all along the line.

Preliminary estimates indicate that the gross debt of the economy rose by nearly \$40 billions more last year to reach a total of about \$640 billions at the year-end. This figure is about \$175 billions, or nearly 40 per cent, greater than the total of gross debt at the end of World War II in 1945. It is almost three times the aggregate owed in 1940.

The big expansion since the war has been in private debt. Gross borrowings of business and individuals combined more than doubled in this period, rising from \$155 billions in 1945 to an estimated \$330 billions at the end of last year. Of this total, individual and noncorporate debt together showed a greater rate of increase than did corporate debt, moving up from \$55.5 billions in 1945 to about \$137 billions at the end of 1952 for a rise of nearly 150 per cent. Home mortgage debt and consumer credit led the debt increase in rate of expansion in the period.

Rising debt is a normal accompaniment in expanding business activity, and plays a vital role in a high-production, high-consumption economy like ours. However, a volume of debt of the present size, amounting to the equivalent of some \$4,000 for every person in the population, would alone seem to call for caution.

Besides, more observers are referring to the length of the boom and the heights it has reached, the question of whether some readjustment is in the offing, and the growing strain on the money and capital markets to supply the increasing demands for funds of the Federal Government as well as of state and local governments, business and individuals. Then, too, averages do not show where, and at what income levels, the major portion of the debt is owed.

In view of this, therefore, the recent uptrend in interest rates, small though it may be by past standards, is a constructive development. In addition to providing a long-needed incentive for the saver, it tends to make

business and individual borrowers think twice before taking on new debt commitments.

The question of when debt in general becomes too burdensome, and just where the danger point lies, has never had a ready answer except in hindsight, because debt-bearing factors change with the economic atmosphere. Right now, when judged by such factors as the rate of growth in debt in relation to national income, the position of debtors as a whole compares favorably with all previous periods except the abnormal World War 11 years.

For the 1940-52 period, for example, the total gross debt has shown an increase of about 195 per cent, based on the U. S. Department of Commerce debt series. National income, on the other hand, rose about 257 per cent in the period. For the period from 1945 to date, national income has increased almost 60 per cent as against less than 40 per cent in the total gross debt. The total of debt last year was about 2.2 times the national income for the year as against a ratio of approximately 2.7 times in 1940. Thus economic activity has grown more than debt for the 1940-52 period.

It is likewise significant to compare the trend of private debt alone with the annual gross savings of business and individuals combined. The figures show that only in 1947 did the growth of debt exceed the year's savings in the private sector of the economy. Last year the margin was about two to one in favor of savings, one of the best showings of the post-World War II period.

Furthermore, in contrast with a generation ago, there are two additional factors today with a favorable

bearing on debt. The first is the amortization principle, which is an inherent part of all home mortgage debt and is found in other parts of the private debt structure as well. Debt repayment on home mortgages alone is now estimated at about \$3 billions a year, and represents an important personal savings as well as debt reduction item. Most consumer debt is on a regular repayment basis also.

The second important factor is the growth of credit life insurance, which covers borrowers for the amount of unpaid loan balances. This type of life insurance provides added protection for the family's thrift program in case of the death of the borrower.

### CLOTHING PRICES DECLINE

Average prices paid by North Carolina farmers for specified clothing items on March 15, 1953, were generally lower than prices paid in mid-March of 1952. The only item in this group showing an increase over the previous year was knee-length rubber boots. Compared with December 15, 1952, prices of most items were unchanged to slightly lower.

### FURNITURE PRICES LOWER

Average prices paid by farmers for most furniture items on March 15, 1953, were generally lower than prices paid on the same date a year earlier. For most items prices were also below the averages for the previous quarter, December 15, 1952.

### Kitchen Komment

When ironing shirts, the job is made easier by sprinkling shirts with fine spray and folding them carefully as you go to prevent unnecessary wrinkling. Dampening with hot water penetrates the fibers faster.

If you want to dress up an inexpensive main course into a fancy main dish, with a French accent, here's how: Broil trout or a similar fish in the usual way. Shortly before the fish is done, make an amandine sauce by melting margarine and mixing chopped almonds into the margarine. Pour over the fish just before serving.

Wisdom consists in rising superior both to madness and to common sense, and in lending one's self to the universal delusion without becoming its dupe. Amiel.



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### Polio Workers Will Meet In Greensboro

All chapter chairmen of the National Foundation For Infantile Paralysis or representatives are urged to attend a workshop conference at the Sedgefield Inn at Greensboro on Thursday, July 2, from 9 A. M. to 5 P. M.

Basil O'Connor of New York, president of the Foundation, is scheduled to attend this meeting.

### IN MEMORIAM

To our Dad, who left us for awhile on August 3, 1952:

"This Father's Day" In our thoughts, today, I'm sure Were only past memories. We can only dream and pray But the mind and the heart sees.

We sat an imaginary plate today, Placed a make-believe gift by his chair Just something small with a card inside But wrapped with such love and care.

We saw him smile as he opened it As we wished "Happy Father's Day." He thanked us, then we felt his love—He didn't have to say.

We teased him then as we always did About having no "Children's Day." Little did we know in those happy hours God would take our Dad away.

We'll all meet him with God, I know. Till then we're lonely and sad, But I'm sure we'll have another chance To say to him, "Happy Father's Day, Dad."

—By his Daughter, MARION NIXON SAUM.

## KIDNEYS MUST REMOVE EXCESS WASTE

When kidney function slows down, many folks complain of nagging backache, loss of pep and energy, headaches and dizziness. Don't suffer longer with these discomforts if reduced kidney function is getting you down—due to such common causes as stress and strain, over-exertion or exposure to cold. Minor bladder irritations due to cold, dampness or wrong diet may cause getting up nights or frequent passages.

Don't neglect your kidneys if these conditions bother you. Try Doan's Pills—a mild diuretic. Used successfully by millions for over 50 years. While often otherwise caused, it's amazing how many times Doan's give happy relief from these discomforts—help the 15 miles of kidney tubes and filters flush out waste. Get Doan's Pills today!

## DOAN'S PILLS

### LEARN TO MAKE TASTY FROZEN DESSERTS

Keep cool this summer with delicious frozen desserts. Amy Alden, food expert, offers recipes for sherbets, ice cream whip and other hot weather dishes. Look for this helpful feature in the July 5th issue of

THE AMERICAN WEEKLY Magazine in Colorgrave with the BALTIMORE SUNDAY AMERICAN

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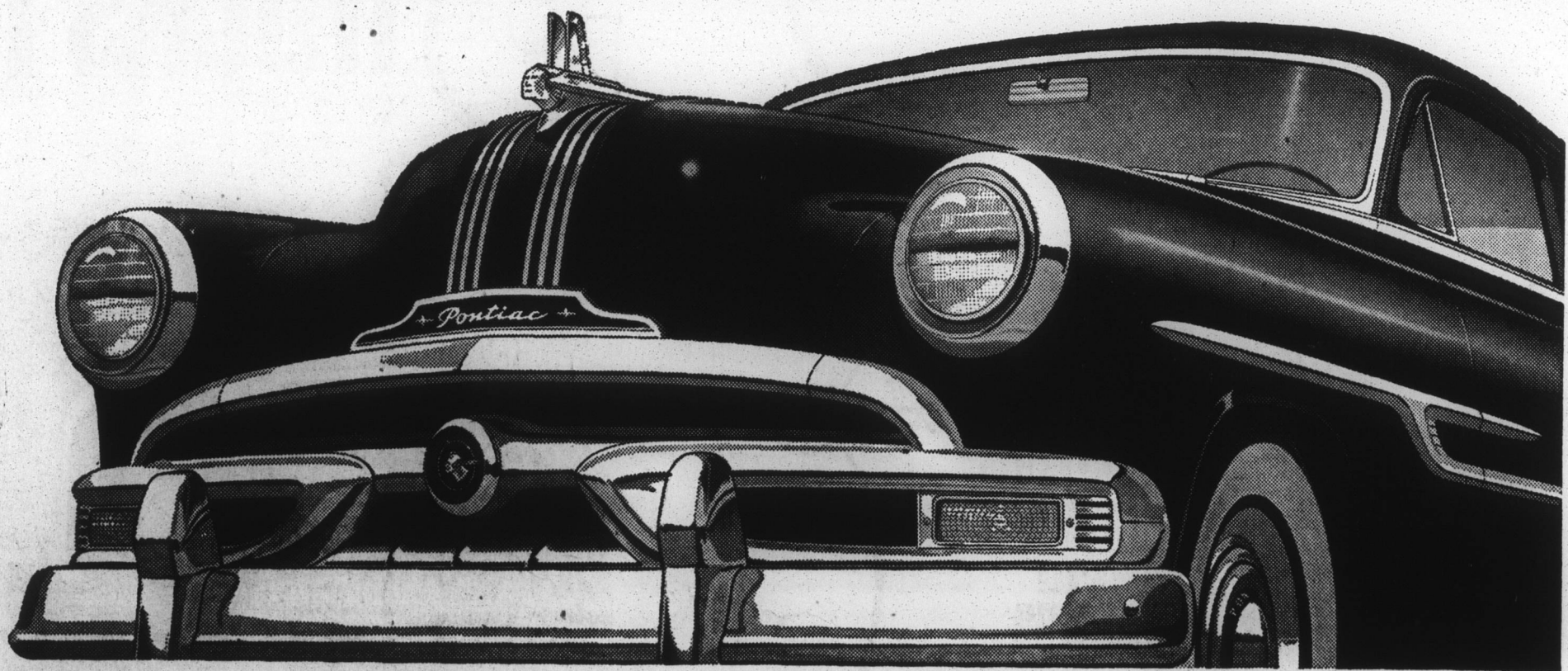
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