

People's Savings Increased More Than Personal Debt For First Time Since 1946

Reflecting Prudence In Personal Financial Affairs

The first time since the early post-World War II period, the growth in accumulated long-term savings of individuals in 1953 more than matched the net increase in personal borrowings even though the American people went some \$10 billions deeper into debt during the year.

This development is all the more significant considering the fact that 1953 as a whole was a record year for consumer spending and economic activity in general despite the leveling-off which has occurred in recent months. It suggests a growing undercurrent of prudence in the handling of personal financial affairs. A further growth in savings and a high rate of debt repayment combined to tip the balance in the favor of savings for the year.

Debt Total \$112 Billions

Preliminary figures from Government and private sources indicate that the total of personal debt outstanding, incurred primarily to buy homes, cars and other durable goods, added up to approximately \$112 billions at the end of last year. This was about \$10½ billions over the personal debt aggregate at the end of the year before, but it was a substantially smaller net rise than either in 1952 or in 1950.

At the same time, accumulated savings of individuals in life insurance and other long-term thrift mediums increased by an estimated \$12 billions during 1953 to a total of approximately \$206 billions at the year-end. This was the largest annual gain on record except for the three years of 1943 through 1945 when savings were abnormally high due to wartime conditions.

The figures thus indicate that the growth in the people's "nest egg" in 1953 topped the year's rise in outstanding personal debt by more than a billion dollars. This was the reverse of the trend which prevailed from 1947 through 1952. In 1950 alone, the net increase in the personal debt burden of nearly \$13 billions was more than double the year's growth in accumulated savings.

Repayments Also at Peak

Long-term savings of individuals, as reflected by the Home Loan Bank Board, consist of funds accumulated behind the insurance policies, thrift accounts in commercial banks, deposits in mutual savings banks and in Postal Savings, savings capital in savings and loan associations, and current redemption value of U. S. Savings Bonds owned by individuals. Personal debts comprise mortgages on one-to-four-family nonfarm homes, consumer credit, agricultural mortgage and non-real estate debt (excluding Commodity Credit Corporation loans), and life insurance policy loans.

As a matter of fact, the people borrowed more money last year than ever before to finance their purchases. Repayments, however, were at record levels, also. For example, figures compiled by the Federal Reserve Board show that installment credit extended came to \$29.8 billions in 1953, up \$1.4 billions over the year before. Repayments, though, increased to

\$26.7 billions, or more than \$2 billions above the 1952 total. Total consumer credit outstanding, of which installment loans are the major part, rose by just over \$3 billions last year as against an increase of more than \$4 billions in 1952.

In the home mortgage field, the Home Loan Bank Board estimates that close to \$20 billions of nonfarm mortgages of \$20,000 or less were recorded in 1953, about 10 per cent above the previous year. Much of this represented refinancing of mortgages on existing structures incident to their transfer. Amortization of home mortgage debt is placed at well over \$3 billions a year, and by the nature of the amortizing mortgage this annual total will increase as time goes on.

Looking at the savings and debt picture as a whole, the American people right now owe about 54 cents for every dollar they have in accumulated long-term savings. This is a substantially lower personal "liquidity" ratio than since the early Forties, but it is more favorable than the ratio that existed before World War II. In 1940, for example, the people as a whole owed 65 cents for every dollar of their accumulated long-term savings, while the comparable ratio in 1929 was 85 cents in personal debts to every dollar of accumulated savings. The most favorable ratio was in 1945, when the people as a whole owed only 25 cents for every dollar they had in accumulated savings.

Somewhat over a third of the 1953 increase in long-term savings was in funds accumulated behind life insurance policies. Large gains also were shown by savings and loan associations and by savings deposits in banks. In the borrowing area, home mortgages continue to be by far the biggest debt booster with the total last year showing a net rise of approximately \$6 billions or more than half the total increase in personal debt for 1953.

Hot Jelly Served In Deadly Forms By U. S. Soldiers

Fort McClellan, Ala.—The most ruthless enemy of mankind is being used by American soldiers as they learn diabolical new techniques in fighting with fire here at the Army's chemical training center.

The "fast burn" technique normally is applied by flame-throwers spouting fiery napalm—jellied gasoline—in two to three-second bursts. Combat use has demonstrated that these hot, licking tongues of flame destroy the enemy even though they are entrenched in well-fortified bunker positions where bullets or explosives fail to rout them.

The Great Destroyer treatment often was used effectively to combat the enemy during the war in Korea.

To disrupt and discourage mass attacks by the Communists in Korea, U. S. soldiers used stationary or emplaced flame-throwers for close-in defense. Portable squirt guns were used to throw a searing and long-burning ball of fire from 40 to 60 yards, while mechanized flame-throwers carrying the torch projected their fiery tongues out as far as 200 yards.

"Foogassies" and Molotov cocktails—napalm land mines and improvised hand grenades—made by loading land mines and mortar shell-casings with the napalm mix also were used to combat the "human sea" tactics employed by the Communists.

Airborne belly-tanks bearing 165 gallons of the napalm mix proved their worth during the war as anti-personnel and anti-tank weapons.

Napalm does not depend on a direct hit for its effectiveness. A near miss with napalm is as good as an on-target hit with anti-tank weapons, bazookas, artillery, mortar or tank fire. This is true because napalm covers an area larger than that affected by the burst of a high explosive bomb. Its searing gel burns off natural cover,

penetrates slits in bunkers or armor, and engulfs enemy soldiers within the area in an inferno of approximately 1,500 degrees Fahrenheit.

Although fire as a weapon is as old as war itself, the development of napalm combined with ingenious American delivery methods has added new impetus to the hottest weapon in warfare.

Fire was first used by armies attacking and defending the fortified cities of Biblical times. In those days burning oils and flaming straw and resin fire-balls served as incendiaries.

In 424 B. C., a hollow tree trunk, a bellows and a basin of glowing coals, sulphur, resinous woods and other highly inflammable substances were used to destroy enemy fortifications.

Fire survived as a weapon of war until the introduction of gun powder in the 15th century. Firearms caused armies to engage in battle at distances which could not be spanned effectively by incendiaries. As a result, fire faded into the background. Means for scientific use of fire on the battle-

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CHRISTIAN CHURCH SERVICES

Services at the First Christian Church have been announced as follows by the pastor, the Rev. E. C. Alexander:

Bible School, Sunday morning at 10 o'clock; morning service at 11 o'clock; young people's meeting at 6:30 P. M.; evening service at 7:30 o'clock. Wednesday Evening Bible Class meets at

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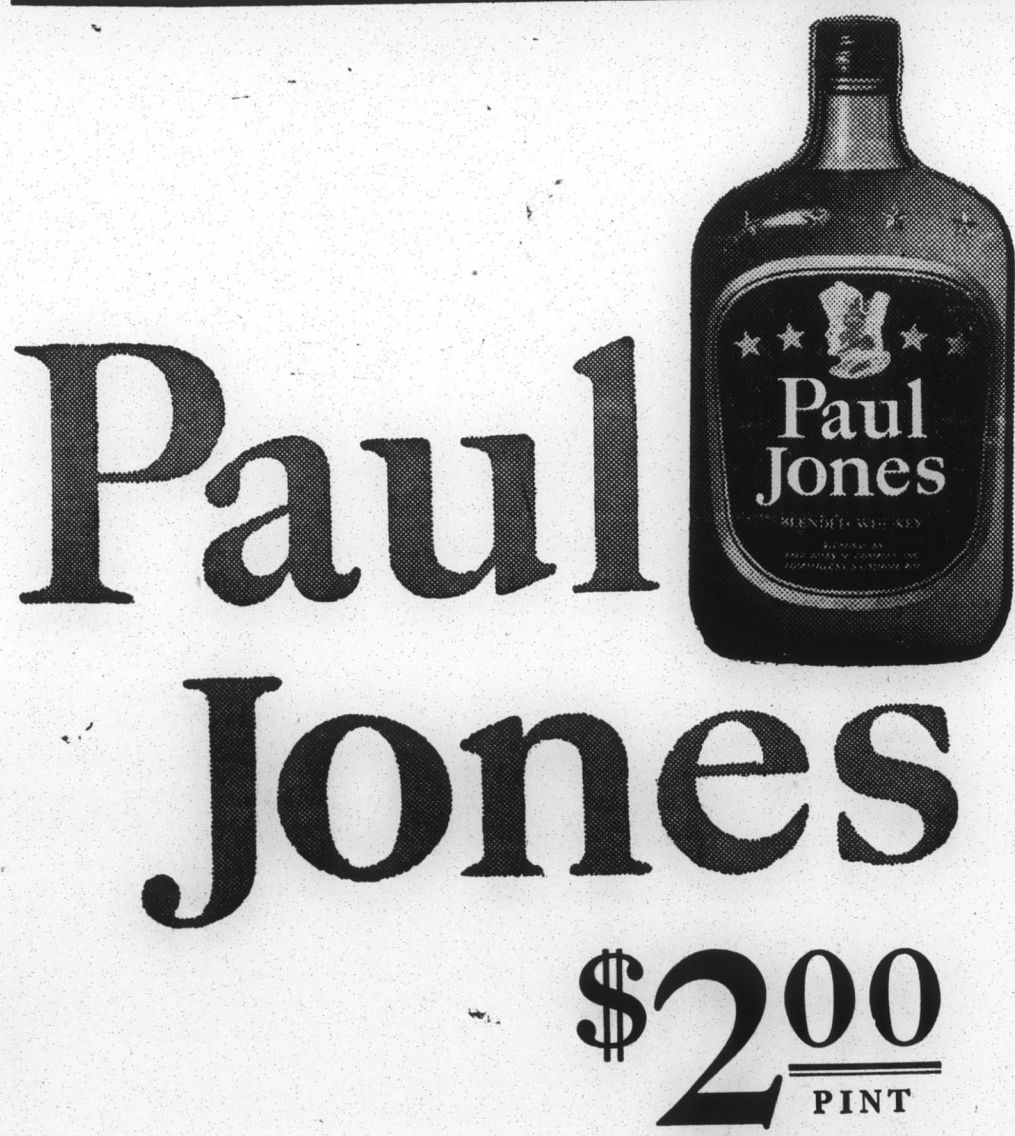
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