

CONSUMER SPENDING AND SAVING REFLECTS CONFIDENCE IN OUTLOOK

Whatever uncertainty may have been felt by some of the experts, the American people as a whole, by their everyday spending and saving decisions in a year of economic readjustment, have given the nation an outstanding example of calmness and confidence in the outlook.

This confidence has been paralleled in business and industrial circles, where it has been reflected in the maintenance of near peak levels in plant and equipment investment and new records in construction outlays.

Consumer Outlays At Peak

Two of the major results of this steadiness in the public's behavior pattern in the period are:

Total consumer spending has been maintained at record levels. Aggregate personal consumption expenditures were estimated at a seasonally adjusted annual rate of \$231.5 billion for the second quarter of this year by the Council of Economic Advisors. This is the highest quarterly rate on record and, on an annual basis, nearly \$2 billion above the total for 1953. The magnitude of this consumer demand has been providing the economy with a powerful prop while it was undergoing readjustment and laying the foundation for new growth.

At the same time, the people as a whole have kept on adding to their savings in life insurance and other forms of long-term thrift, the bedrock of their personal security at the highest figure attained in the last eight years. Total accumulated long-term savings of individuals have been growing at an annual rate of approximately \$12 billion this year, duplicating the 1953 performance. The aggregate of such savings at midyear was estimated at around \$212 billion, the equivalent of some \$4,500 for every household in the land.

Two Periods Compared

The consumer spending pattern over the last year is reminiscent of a similar performance in the short-lived recession of 1949. At that time, too, personal consumption expenditures continued to increase while production declined and unemployment rose. What is happening this time is an even more significant demonstration of public confidence since pent-up demand as a result of shortages built up during World War II was a potent influence on consumer spending attitudes in 1949 and doesn't exist today.

The personal savings record in the present period is much more impressive than the one five years ago. Accumulated long-term savings of individuals increased by only \$7 billion in 1949, or little more than half the current growth in the people's "nest egg." These savings consist of funds

accumulated behind life 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.

One of the striking characteristics of the post-World War II economic picture was an extraordinary increase in personal debt. This was particularly true of consumer credit, mainly because of installment buying and of home mortgage debt. Farm mortgage and non-real estate debt have also increased, and so have life insurance policy loans, but on a lesser scale.

The total of these four personal debt classifications is currently estimated at around \$115 billion, or well over three times the comparable total at the end of 1945. However, except for home mortgage debt, where the easing of mortgage terms is apparently playing an important part in continued rapid expansion, the growth in personal debt has slowed down noticeably over the past year.

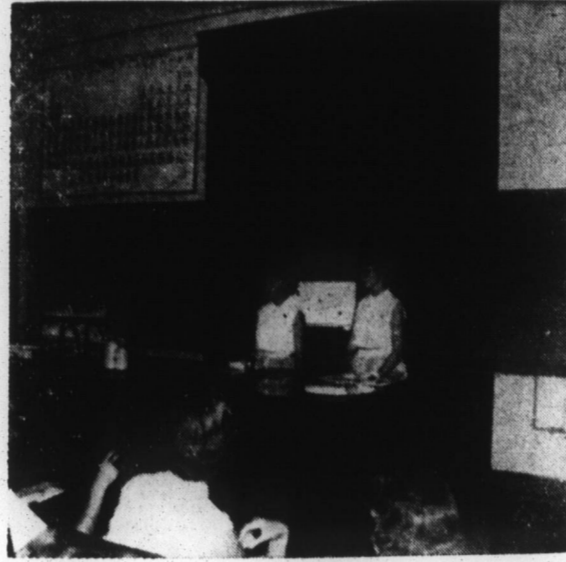
Trend Of Debt

The net increase in total personal debt in the first half of this year is estimated at around \$2.5 billion, a rate of expansion less than half that of the net rise in 1953. As a result, the growth in accumulated long-term savings of individuals so far this year has been well over double that of the expansion in personal debt, the most favorable ratio between the two since the World War II period.

From 1947 through 1952, personal debt grew faster than accumulated long-term personal savings in every year. A good deal of this borrowing, however, was voluntary, many consumers preferring to budget themselves and pay for their purchases by installments out of income rather than to upset their savings programs. The figures show that since the end of World War II the American people as a whole have bought around \$300 billion worth of new homes, automobiles, and other durable goods. As against this, the total net increase in installment and home mortgage debt in the period was in the neighborhood of \$65 billion.

Thus the economic box score can chalk up another assist for the American consumer. Instead of being rattled by the recent turn of events and pulling in his horns, he has again come to the aid of the economy in a faltering moment by spending as never before in the aggregate. He has likewise kept an eye on his responsibilities to himself and his dependents by prudently increasing his

Represent Eastern District In Raleigh



Here is pictured Mary Sue Elliott and Evangeline Copeland who represented Chowan County and the Eastern District in the team dairy foods demonstration at 4-H Club Week held in Raleigh.

"nest egg" in life insurance and other savings, thereby adding to his protection against the economic efforts of death and disability.

USE THE COMMON SENSE PLAN WHEN BUYING FALL CLOTHING

"I just haven't a thing to wear!" How many times have you heard that? Or said it yourself?

What is it that makes girls say they have no clothes when they have actually a closet full?

Chances are, explains Mary Em Lee, State College Extension clothing specialist, that the "I just don't have a thing to wear" disease is prompted by impulse buying. There's something about a "drastically" reduced price that can make even the most sensible buyer part with her money too easily.

According to Miss Lee, clothes that are really right, stay wearable—in quality and in line—over a long

period of time. "Make every purchase a right one," she cautions.

"Practically every season, society sets forth certain basic rules that we must abide by if we want to feel well dressed," adds Miss Lee.

Right now, for example, the talk among women is of the Dior Look and what it will do to the feminine silhouette. But regardless of fashion's peculiar whims, not every woman can

GOT A SUMMER COLD TAKE 666 for symptomatic RELIEF

wear these exotic fashions successfully. Feeling comfortable in your clothing is one of the secrets to being well dressed.

Know your own personality type, which colors are your best before you put out a lot of money this fall for a new suit or coat or dress. Buy with care and you'll have an outfit you will be proud to wear.

MAKES HONOR ROLL

Richard N. Hines, Jr., son of Mr. and Mrs. R. N. Hines of Edenton,

made the Honor Roll in the General College of the University of North Carolina for the last semester, according to an announcement by Dean C. P. Spruill.

The General College is composed of freshmen and sophomore. Honor Roll membership requires the student make a B or better on all courses.

The best preparation for the future is the present well seen to, and the last duty done. —G. Macdonald.

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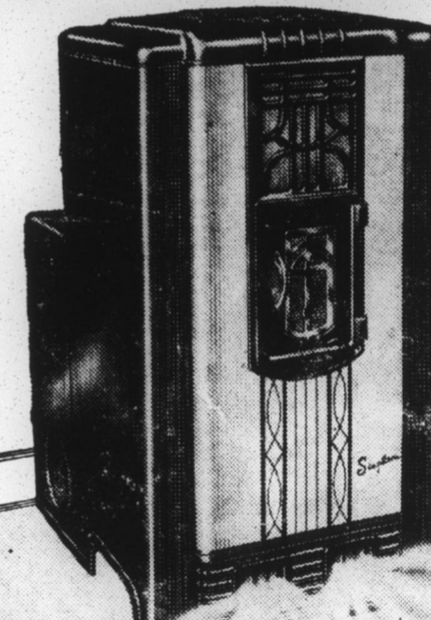
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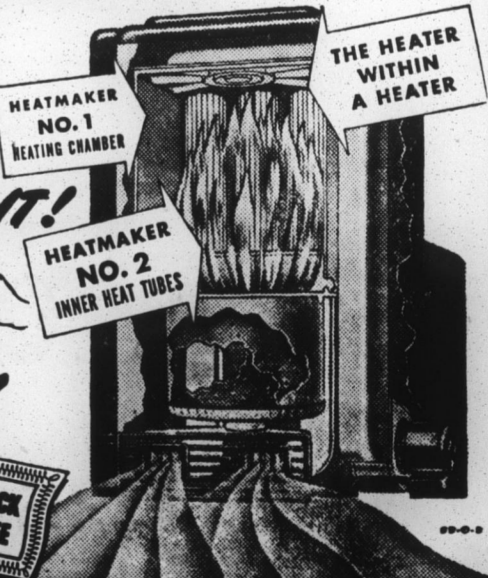


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